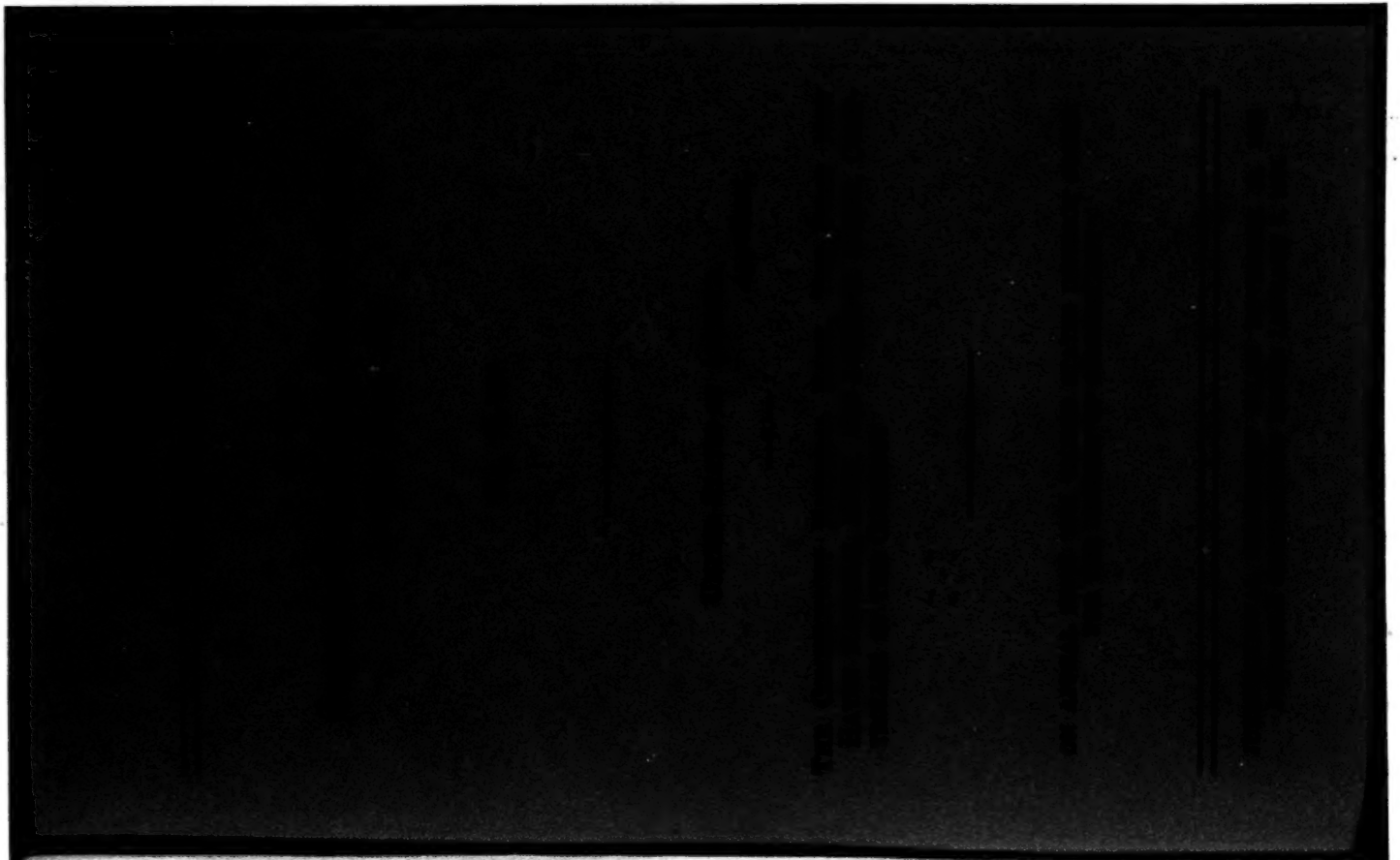

IN THE

Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-767

UNITED STATES OF AMERICA,
Appellant,

—v.—

THE CONNECTICUT NATIONAL BANK, THE FIRST NEW HAVEN NATIONAL BANK, AND JAMES E. SMITH, COMPTROLLER OF THE CURRENCY

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT

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GX-76

New Haven and Bridgeport SMSA's
Number of Banking Offices in Central City
Compared to No. of Offices in SMSA

	1954		1971	
	No.	%	No.	%
New Haven City	11	64.7	27	42.2
Remainder of SMSA 1/	6	35.3	37	57.8
Total SMSA	17	100.0	64	100.0
Bridgeport City	13	65.0	24	40.7
Remainder of SMSA 2/	7	35.0	35	59.3
Total SMSA	20	100.0	59	100.0

1/ Includes Guilford, added to SMSA in 1963, and Bethany and Branford, added to SMSA in 1963.

2/ Includes Shelton and Monroe, added to SMSA in 1959, and Easton, added to SMSA in 1963.

Source: Polk's Bank Directory, March, 1955; Connecticut Banking Commissioner, 1971 Annual Report.

GX-77

Ten Largest Connecticut Commercial Banks
Offices Operated Outside Headquarters SMSA
December 31, 1954

Bank	Outside Offices (By County)	
Hartford National Bank, Hartford	New London	5
	Middlesex	1
		6
Connecticut Bank & Trust Co., Hartford	Litchfield	2
	New Haven	2
	Middlesex	2
	New London	1
	Tolland	1
		8
Connecticut National Bank, Bridgeport	Fairfield	1
City Trust Co., Bridgeport		0
First New Haven Nat'l Bank, New Haven		0
Fairfield County Trust Co., Stamford		0
Union & New Haven Trust Co., New Haven		0
Second Nat'l Bank of New Haven		0
Greenwich Trust Co.		0
New Haven Bank, N.B.A.		0
Total Outside Offices		15

Source: Polk's Bank Directory, March, 1955.

GX-78

Ten Largest Connecticut Commercial Banking Organizations
Offices Operated Outside Headquarters SMSA
December 31, 1971

Bank	Outside Offices (By County)	
Hartford Nat'l Bank	New London	13
	Fairfield	7
	Middlesex	5
	Litchfield	5
	New Haven	4
	Windham	3
		37
Connecticut Bank & Trust Co., Hartford	New Haven	9
	New London	7
	Windham	5
	Middlesex	4
	Fairfield	3
	Hartford	3
	Tolland	3
	Litchfield	2
		36
Union Trust Co., New Haven	Fairfield	33
	New Haven	4
	Litchfield	1
	Middlesex	1
		39
State Nat'l Bank of Conn., Bridgeport	Fairfield	22
	New Haven	4
	Litchfield	1
		27
Connecticut Nat'l Bank, Bridgeport	Fairfield	16
	New Haven	8
	Litchfield	1
		25
City Nat'l Bank of Conn., Bridgeport	New Haven	9
	Fairfield	5
	Litchfield	2
		16
First New Haven Nat'l Bank	New Haven	5
Colonial Bank & Trust Co., Waterbury	Litchfield	10
	New Haven	6
	Fairfield	1
		17

Bank	Outside Offices (By County)	
First Conn. Bancshares, Hartford 1/	Hartford	8
	Middlesex	3
	Litchfield	1
	New London	1
		13
Second Nat'l Bank of New Haven	New Haven	2
Total Outside Offices		217

1/ All offices operated by three constituent banks outside Hartford SMSA included.

Source: 1971 Annual Report, Connecticut State Bank Commissioner.

GX-79

De Novo Banks Chartered By Domestic Holding Companies By State
1/1/68 through 5/31/72

State	De Novo Branching Law	No. of Holding Companies Participating	No. of De Novo Banks
Florida	Unit 1/	13	33
Virginia	Headquarters city or county and contiguous cities or counties 2/	3	8
Colorado	Unit 3/	3	4
New York	Within banking district, home office protection 4/	4	4
Minnesota	Unit 5/	3	4
New Jersey	Within banking district, home office protection and branch office protection in towns of less than 7500 6/	3	3
Wisconsin	Headquarters and contiguous counties, but home and branch office protection 7/	2	3
Utah	Statewide except for home office protection for cities of less than 100,000 8/	2	3
Texas	Unit 9/	2	2
Iowa	Unit 10/	1	2
California	Statewide 11/	1	1
Maine	Headquarters and contiguous counties 12/	1	1
Wyoming	Unit 13/	1	1
Missouri	Unit 14/	1	1
Ohio	Headquarters county 15/	1	1
New Hampshire	In headquarters town and within 15 miles radius from headquarters, provided not within 10 miles of another bank 16/	1	1
	Total	42	72

1/ Fla. Stat. Anno., § 659.06.

2/ Code of Va., § 6.1-39.

3/ Colo. Rev. Stat. Anno., § 14-3-1.

4/ McKinney's Consol. Laws of N.Y., Anno., Art. 3 § 105. Effective 1/1/72, above law amended to limit home office protection to cities of 75,000 or less, and also prohibits de novo chartering by holding companies into home office protected towns. On 1/1/76, statewide branching will be permitted, with home office protection in towns of 50,000 or less. Art. 3 §§ 105, 142-a.

5/ Minn. Stat. Anno., § 48.34.

6/ N.J. Stat. Anno., § 17:9A-19.

7/ West's Misc. Stat. Anno., § 221.04.

8/ Utah Code Anno., § 7-3-6.

9/ Vernon's Civil Stat. of Texas Art. 342-903.

10/ Iowa Code Anno., § 524.1201.

11/ West's Anno. Cal. Codes (Financial) § 500.

12/ Maine Rev. Stat. Anno., Title 9 § 1003.

13/ No statute authorizing branches.

14/ Vernon's Anno. Mo. Stat. § 362.105.

15/ Page's Ohio Rev. Code Anno., § 1111.03.

16/ N.H. Rev. Stat. Anno. § 384-13:2.

Source: Department of Justice files.

EX-88

Commercial Banks Operating In Danbury SMSA 1/

Bank	Offices	Deposits (Millions)	% of SMSA Deposits
Union Trust Co.	6	$43.0	46.2%
City Nat'l Bank of Conn.	3	20.8	22.4
Conn. Nat'l Bank	3	14.9	16.0
State Nat'l Bank of Conn.	3	14.2	15.3
Danbury Bank & Trust Co.	1	2/	
Hartford Nat'l Bank & Trust Co.	1	2/	
Colonial Bank & Trust Co.	1	2/	
Total	22	$92.9	100.0%

Note: Offices as of 12/31/71; deposits as of 6/30/70.

1/ Includes Danbury, Bethel, Brookfield and New Fairfield.

2/ Offices opened since 6/30/70; deposits not available.

Source: FDIC Summary of Deposits, June 30, 1970; 1971 Annual Report, Conn. Bank Commissioner.

GX-61

Commercial Banks Operating In Norwalk SMSA 1/

Bank	Offices	Deposits (Millions)	% of SMSA Deposits
Westport Bank & Trust Co.	5	$ 45.4	21.2%
Union Trust Co.	5	43.9	20.6
Conn. Nat'l Bank	4	35.7	16.7
City Nat'l Bank of Conn.	2	33.8	15.8
Merchants Bank & Trust Co., Norwalk	4	30.1	14.1
Westport Nat'l Bank	2	10.4	4.9
Fairfield County Nat'l Bank	2	8.6	4.0
State Nat'l Bank of Conn.	1	5.6	2.6
Total	25	$213.5	100.0%

Note: Offices as of 12/31/71; deposits as of 6/30/70.

1/ Includes Norwalk, Westport and Wilton.

Source: FDIC Summary of Deposits, June 30, 1970; 1971 Annual Report, Conn. Bank Commissioner.

GX-82

Commercial Banks Operating In Meriden SMSA 1/

Bank	Offices	Deposits (Millions)	% of SMSA Deposits
Home National Bank	3	$29.4	45.4%
Conn. Bank & Trust Co.	2	17.3	26.7
Colonial Bank & Trust Co.	3	8.8	13.6
Laurel Bank & Trust Co.	1	7.4	11.4
Meriden Industrial Bank	1	1.2	1.9
Meriden Trust & Safe Deposit	1	.6	0.9
Total	11	$64.7	100.0%

Note: Offices as of 12/31/71; deposits as of 6/30/70.

1/ Include Meriden.

Source: FDIC Summary of Deposits, June 30, 1970; 1971 Annual Report, Conn. Bank Commissioner.

GX-83

Commercial Banks Operating In Waterbury SMSA 1/

Bank	Offices	Deposits (Millions)	% of SMSA Deposits
Colonial Bank & Trust Co.	14	$166.9	49.9%
City Nat'l Bank of Conn. 2/	10	71.0	25.5
Conn. Nat'l Bank	4	32.0	11.5
Home Nat'l Bank	2	8.3	3.0
State Nat'l Bank of Conn.	2	.3	0.1
Total	32	$278.5	100.0%

Note: Offices as of 12/31/71; deposits as of 6/30/70.

1/ Includes Waterbury, Naugatuck, Cheshire, Middlebury, Prospect, Beacon Falls and Wolcott, all located in New Haven County, and the Litchfield communities of Thomaston, Watertown and Woodbury.

2/ Acquired Waterbury Nat'l Bank on 5/11/71.

Source: FDIC Summary of Deposits, June 30, 1970; 1971 Annual Report, Conn. Bank Commissioner.

GX-84

Commercial Banks Operating In Hartford SMSA 1/

Bank	Offices	Deposits (Millions)	% of SMSA Deposits
Conn. Bank & Trust Co.	29	$ 699.7	46.1%
Hartford Nat'l Bank & Trust Co.	24	594.8	39.2
United Bank & Trust Co.	9	53.7	3.5
Northern Conn. Nat'l Bank	8	27.1	1.8
Simsbury Bank & Trust Co.	4	26.0	1.7
South End Bank & Trust Co.	4	19.1	1.3
Glastonbury Bank & Trust Co.	2	16.5	1.1
Constitution Nat'l Bank	4	15.8	1.0
Charter Oak Bank & Trust Co.	3	15.1	1.0
South Windsor Bank & Trust Co.	3	9.9	0.7
Citizens Bank & Trust Co. of Glastonbury	2	9.3	0.6
Vernon Nat'l Bank (Tolland County)	3	8.5	0.6
New Britain Bank & Trust Co.	3	6.5	0.4
Plainville Trust Co.	2	5.4	0.4
First Nat'l Bank of Suffield	1	4.6	0.3
First Nat'l Bank of Enfield	1	3.2	0.2
New Britain Nat'l Bank	1	1.4	0.1
Manchester State Bank	1	2/	
New England Bank & Trust Co.	1	2/	
Total	105	$1,516.6	100.0%

Note: Offices as of 12/31/71; deposits as of 6/30/70.

1/ Includes Hartford, East Hartford, West Hartford, Avon, Bloomfield, Canton, East Granby, East Windsor, Enfield, Farmington, Glastonbury, Granby, Manchester, Newington, Rocky Hill, Simsbury, South Windsor, Suffield, Wethersfield, Windsor and Windsor Locks, all in Hartford County, Cromwell in Middlesex County, and Andover, Bolton, Coventry Ellington and Vernon in Tolland County.

2/ Offices opened since 6/30/70; deposits not available.

Source: FDIC Summary of Deposits, June 30, 1970; 1971 Annual Report, Conn. Bank Commissioner.

GX-85

Commercial Banks Operating In Stamford SMSA 1/

Bank	Offices	Deposits (Millions)	% of SMSA Deposits
State Nat'l Bank of Conn.	14	$240.6	34.9%
Union Trust Co.	19	222.4	32.2
Putnam Trust Co.	4	90.7	13.1
Fidelity Trust Co.	9	74.4	10.8
Hartford Nat'l Bank & Trust Co.	5	40.8	5.9
Conn. Nat'l Bank	6	21.1	3.1
First Stamford Bank & Trust Co.	1	2/	
Conn. Bank & Trust Co.	1	2/	
Total	59	$690.0	100.0%

Note: Offices as of 12/31/71; deposits as of 6/30/70.

1/ Includes Stamford, Darien, Greenwich and New Canaan.

2/ Offices opened after 6/30/70; deposits not available.

Source: FDIC Summary of Deposits, June 30, 1970; 1971 Annual Report, Conn. Bank Commissioner.

GX-86

Commercial Banks Operating In
New Britain SMSA 1/

Bank	Offices	Deposits (Millions)	% of SMSA Deposits
New Britain Nat'l Bank	5	$ 57.9	39.2%
New Britain Bank & Trust Co.	5	51.6	34.9
Plainsville Trust Co.	3	17.2	11.6
Southington Bank & Trust Co.	3	14.5	9.8
Citizens Nat'l Bank of Southington	2	6.5	4.4
Total	18	$147.7	100.0%

Note: Offices as of 12/31/71; deposits as of 6/30/70.

1/ Includes New Britain, Berlin, Plainville and Southington.

Source: FDIC Summary of Deposits, June 30, 1970; 1971 Annual Report, Conn. Bank Commissioner.

GX-87

Commercial Banks Operating In New London SMSA 1/

Bank	Offices	Deposits (Millions)	% of SMSA Deposits
Hartford Nat'l Bank & Trust Co.	12	$100.9	60.4%
Conn. Bank & Trust Co.	7	47.8	28.6
Winthrop Bank & Trust Co.	1	9.6	5.7
Jewett City Trust Co.	1	5.8	3.5
United Bank & Trust Co.	1	2.9	1.7
Total	22	$167.0	100.0%

Note: Offices as of 12/31/71; deposits as of 6/30/70.

1/ Includes New London, Norwich, East Lyme, Griswold, Groton, Ledyard, Lisbon, Montville, Old Lyme, Preston, Sprague, Stonington and Waterford.

Source: FDIC Summary of Deposits, June 30, 1970; 1971 Annual Report, Conn. Bank Commissioner.

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Commercial Banks Operating In Bristol SMSA 1/

Bank	Offices	Deposits (Millions)	% of SMSA Deposits
United Bank & Trust Co.	4	$25.5	54.5%
Conn. Bank & Trust Co. 2/	3	12.7	27.1
Terryville Trust Co.	2	8.6	18.4
Total	8	$46.8	100.0%

Note: Offices as of 12/31/71; deposits as of 6/30/70.

1/ Includes Bristol (Hartford County) and Plymouth (Litchfield County).

2/ Acquired North Side Bank & Trust Co., 12/13/71.

Source: FDIC Summary of Deposits, June 30, 1970; 1971 Annual Report, Conn. Banking Commissioner.

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NUMBER OF CONNECTICUT COMMERCIAL BANK BRANCHES
1955-1971

Year	Branches in Operation Jan. 1	Branches Beginning Operation		Branches Ceasing Operation	Branches in Operation Dec. 31	Net Change
		Conversions	New Branches			
1955	88	8	8		103	15
1956	103	4	12	1	119	16
1957	119	8	14	1	140	21
1958	140	7	14	1	160	20
1959	160	6	19		185	25
1960	185	3	10		198	13
1961	198	3	19	1	219	21
1962	219	4	11	3	231	12
1963	231	4	26	3	258	27
1964	258	3	25		286	28
1965	286	2	25		313	27
1966	313	2	23	2	336	23
1967	336	1	21	1	357	21
1968	357	3	15		375	18
1969	375	4	27	1	405	30
1970	405	2	29		436	31
1971	436	5	34	6	469	33

Source: 1955-1967, Board of Governors of FRS, Division of Research & Statistics, Banking Markets Section, Number of Commercial Banks and Branches.

1968-1970, FDIC, Changes Among Operating Banks and Branches.

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NUMBER OF CONNECTICUT COMMERCIAL BANKS
1955-1971

Year	Banks in Operation Jan. 1	Banks Beginning Operation	Banks Ceasing Operation (Mergers Absorptions Consolidations)	Banks in Operation Dec. 31	Net Change
1955	105	1	8	98	-7
1956	98	-	3	95	-3
1957	95	-	8	87	-8
1958	87	-	7	80	-7
1959	80	-	7	73	-7
1960	73	-	3	70	-3
1961	70	-	3	67	-3
1962	67	3	4	66	-1
1963	66	1	3	64	-2
1964	64	5	3	66	+2
1965	66	5	3	68	+2
1966	68	-	1	67	-1
1967	67	1	1	67	
1968	67	1	2	66	-1
1969	66	-	4	62	-4
1970	62	1	2	61	-1
1971	61	5	3	63	+2

Source: 1955-1967, Board of Governors of FRS, Division of Research & Statistics, Banking Markets Section, Number of Commercial Banks and Branches.

1968-1970, FDIC, Changes Among Operating Banks and Branches.

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CONCENTRATION OF TOTAL DEPOSITS IN THE TEN LARGEST COMMERCIAL BANKING ORGANIZATIONS IN CONNECTICUT

(Dollar amounts in thousands)

	Dec. 1971		Dec. 1965		Dec. 1960		Dec. 1954	
5 Largest	$3,466,079	61.0%	$1,874,983	55.1%	$1,339,522	55.6%	$ 940,943	46.4%
10 Largest	4,720,487 1/	83.1 1/	2,639,019	77.5	1,827,505	75.9	1,172,014	57.8
All Commercial Banks in Connecticut	5,678,553	100.0%	3,405,839	100.0%	2,408,199	100.0%	2,025,693	100.0%

1/ Includes First Connecticut Bancorporation, formed in April, 1970.

Source: Polk's Bank Directory, March issues, 1955, 1961, 1966, 1971 and 1972.

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Concentration of Deposits by Number of Accounts
Nine Largest Connecticut Commercial Banks
June 30, 1970

Size of Account	Total Connecticut	Nine Largest No.	Nine Largest %
0 to $1,000	2,218,161	1,600,197	72.1%
$1,001 to $20,000	509,540	372,413	72.9
$20,001 to $100,000	21,907	15,555	71.2
$100,001 or more	3,695	3,077	83.8
Total	2,753,303	1,991,242	72.2%

Source: FDIC, Summary of Accounts and Deposits in All Commercial Banks, Boston Region, p. 6.

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PLAINTIFF'S INTERROGATORY TO DEFENDANTS,
SET 1, NO. 28

Interrogatory 28

List all other discussions since January 1, 1960, between officers or representatives of (A) Connecticut National and (B) First New Haven and any other bank relating to merger or consolidation wich such bank, giving:

(1) Dates and names and addresses of participants; and

(2) Substance and result of each such discussion.

CONNECTICUT NATIONAL BANK

INTERROGATORY #28 A

LINCOLN NATIONAL BANK, Stamford

In July of 1967, Lewis A. Shea, President, and Alexander Hawley, Executive Vice President, met at Lincoln National with Isadore E. Cherniack, Sr., President, and Norman H. Reader, Executive Vice President, of Lincoln. It was later indicated that the Board of Directors of Lincoln National Bank would be receptive to an offer of acquisition by Connecticut National Bank.

During the ensuing months Messrs. Hawley and Reader had several telephone conversations, and during April and May, 1968, William C. Peters and Edward G. O'Shea, Senior Vice Presidents of Connecticut National, had discussions with representatives of Lincoln National regarding internal operations and accounting procedures.

No formal offer was ever made and the Lincoln National Bank was subsequently acquired by the Hartford National Bank and Trust Company.

LITCHFIELD COUNTY NATIONAL BANK, New Milford

In June and July, 1967, informal discussions took place between Messrs. Shea and Hawley of Connecticut National Bank and Benjamin L. Stone, President of Litchfield County National Bank.

In January, 1968, the Board of Directors of Connecticut National authorized the President to negotiate tentative merger terms with Litchfield County.

In February, 1968, the Board approved a tentative merger plan.

In April, 1968, Connecticut National's offer was formally rejected by the Board of Directors of Litchfield County National Bank. The bank was subsequently acquired by the Colonial Bank and Trust Company.

THE CONNECTICUT BANK AND TRUST COMPANY, Hartford

In June, 1968, Lewis A. Shea, then Chairman of Connecticut National Bank, initiated discussions with Pomeroy Day, Chairman of Connecticut Bank and Trust. This was followed by numerous meetings in Hartford and in Bridgeport with Messrs. Shea and Hawley of Connecticut National and Messrs. Day and English of Connecticut Bank and Trust, and others participating.

These meetings and discussions resulted in a consolidation agreement dated August 20, 1968, followed by shareholder approval on October 15, 1968 and approval of the Comptroller of the Currency on or about April 14, 1969.

On or about May 9, 1969, a complaint was filed with the U. S. District Court in New Haven on behalf of the United States of America seeking an injunction against the consolidation. Pursuit of the consolidation was subsequently abandoned by the two banks.

ATLANTIC NATIONAL BANK, Stamford

In May, 1969, a preliminary discussion took place between Messrs. Shea and Hawley of Connecticut National Bank and Joseph P. Zone, representing Atlantic.

In June, 1969, further meetings took place relative to the possible acquisition of Atlantic National by Connecticut National, with Messrs. Peters and O'Shea, Senior Vice Presidents of Connecticut National, also participating.

In July, 1969, the Board of Directors of Connecticut National authorized finalization of merger terms and in August the consolidation agreement was approved.

The merger became effective on April 17, 1970.

THE FIRST NEW HAVEN NATIONAL BANK:

INTERROGATORY NO. 28

Interrogatory No. 28: List all other discussions since January 1, 1960 between officers of . . . (B) First New Haven and any other bank relating to merger or consolidation, giving:

(1) Dates and names and addresses of participants; and

(2) Substance and result of each such discussion.

First New Haven Answer

Note: Because of the span of time involved, the numbers of participants, the varying degrees of formality attendant upon such discussions, and because of the fact that such discussions on this general topic are frequently undertaken by banking executives on a very informal basis, it is impossible to respond with complete precision. Set forth below is a chronological history of such discussions, as relate to The First New Haven National Bank, drawn from the Minutes of the Bank's Executive Committee and Board, with supporting data from appropriate officers.

1. On April 2, 1962 the Executive Committee authorized the officers to make an offer for the stock of the Wallingford Bank & Trust Company. Mr. J. Coy Reid, then President of the Bank, was

primarily responsible for discussions with the Wallingford bank. The Board approved on April 9, 1962 and subsequently, in March, authorized an adjustment to the offer. Other banks had been invited to make offers by Wallingford, and on April 26, 1962 it was announced to the Board of First New Haven that Connecticut Bank & Trust Company had been successful in acquiring the Wallingford Bank & Trust Company.

2. On May 3, 1962 the Executive Committee considered an invitation from the Madison Trust Company for its acquisition. Again, Mr. Reid was responsible for discussions with Madison representatives. On May 9, 1962 after further discussion, First New Haven was authorized to make an offer of three of its shares for each one of the shares of the Madison Bank. This was approved by the Board on May 10, 1962. However, the Union & New Haven Trust Company was successful in acquiring the Madison Bank.

3. On October 4, 1962 the Executive Committee generally discussed a possible merger of the American Bank & Trust Company but no concrete action was taken.

4. For over 10 years prior to 1964, Senior Vice President F. G. Chadwick, Jr. had been talking with Wallace Foote, Treasurer and principal stockholder of the Branford Trust Company regarding an

acquisition by First New Haven of the Branford Trust Company. By the summer of 1964, Mr. Foote was well advanced in years (over 90) and had recently resolved his family trust matters which were designed and agreed upon by Messrs. Chadwick and Foote and the Bank's counsel. At this time Mr. Foote wanted to put the Branford Trust Company up for "bid" but was dissuaded by Mr. Chadwick. Discussions became serious in the early summer of 1964 and a negotiating committee from each bank was set up consisting of Messrs. Sargent, Zorn, Reid and Chadwick for First New Haven and Messrs. Foote, Hitchcock, Williams and Enquist for the Branford Trust Company. On July 13, 1964 the Executive Committee approved a possible merger with the Branford Trust Company, and authorized an offer of 9 shares of First New Haven stock for each share of Branford stock outstanding. This offer was approved at a Board Meeting on July 16, 1964 and subsequently discussed at several Executive Committee and Board Meetings, proceeding into the fall of 1964. The merger itself was in fact consummated on or about September 30, 1964. In view of the consummation, almost all top officers of the bank were involved in discussions with opposite numbers at the Branford bank.

5. On August 11, 1964 the Executive Committee considered an invitation from the Guilford Trust Company to bid on that bank's stock. An offer of two shares of First New Haven for one share of Guilford stock was authorized and subsequently reported to the Board on August 13, 1964. On August 27, 1964 it was apparent

that Second National Bank was successful in acquiring the Guilford Bank.

6. On October 22, 1964 the Executive Committee considered an invitation to bid on a merger with The Birmingham National Bank and The Home Trust Company, both of Derby, Connecticut. An offer of 18 shares of First New Haven stock for one share of the combined bank was authorized and approved by The First New Haven National Bank Board on August 23, 1964. The bid of First New Haven was subsequently rejected and Second National Bank of New Haven was successful in the acquisition of these Derby banks.

7. Sometime during the summer of 1965, Thomas Hooker of First New Haven had general informal discussions with the then president of The Puritan Bank & Trust Company of Meriden, Connecticut, Mr. Frederick Calkins. The subject of the conversation was the general subject of merger with no definitive exploration development. Subsequently, Puritan in fact was merged with The Colonial Bank and Trust Company.

8. On December 2, of 1965 the Executive Committee discussed prior discussions involving Mr. J. Coy Reid, then president, Mr. Joel Cohn, a Director of First New Haven, and Mr. William Horwitz, president of The Winthrop Trust Company of New London, Connecticut.

The general subject of merger had been discussed but the conclusion of the Executive Committee at the meeting was adverse and this was confirmed at the December, 1965 Board Meeting of First New Haven.

9. On May 5, 1966 the Executive Committee discussed prior conversations involving Mr. J. Coy Reid of First New Haven, Mr. G. Harold Welch, a director of First New Haven and Mr. Nicholas Mauro and Mr. Roland Bixler, officers of The Woodbridge Bank & Trust Company. The prior discussions involved the possibility of acquiring a majority interest of the stock of The Woodbridge Bank & Trust Company and the invitation was eventually declined. During this time, First New Haven held 60% of Woodbridge Bank stock which had been pledged by its owner, Mr. Mauro, for loans at the First New Haven.

10. On September 1, 1966 the Executive Committee discussed prior conversations of bank officials with The Seymour Trust Company regarding a possible merger of that bank. Mr. Chadwick had been involved in such discussions, as well as Mr. Thomas Hooker who had often conferred with Mr. Earl Boies, successor to the late Clarence Hummel, president of The Seymour Trust Company. These, again, were general informal discussions and no substantive developments ensued.

11. On June 1, 1967, Mr. Chadwick reported on discussions with Gerald Fellows of The North Haven National Bank regarding a possible merger. Exchange ratios were developed between committees of both banks: Messrs. Reid, Sargent and Zorn on behalf of First New Haven and Messrs. Knudsen and Fellows on behalf of the North Haven bank. A tentative offer was made by First New Haven but was rejected by the North Haven National Bank. However, personal and informal discussions between Mr. Chadwick and Mr. Fellows have continued to the present date although no concrete action has been taken.

12. On September 28, 1967 the matter of a possible merger with The Woodbridge Bank & Trust Company was raised again. Mr. Reid had made an offer of $21.00 per share to officials of The Woodbridge Bank which was rejected.

13. Sometime prior to December, 1967 discussions involving Mr. Reid of First New Haven and officials of The Fairfield County Trust Company were undertaken. These discussions proceeded to the point of detailed economic analyses on behalf of the banks, but no formal merger proposals were undertaken and the project was subsequently abandoned.

14. On May 28, 1968 the Executive Committee again noted that the matter of the Woodbridge Bank & Trust Company was still under

consideration. Again, discussions involving Messrs. Reid, G. H. Welch and, on behalf of Woodbridge, Mr. Nicholas Mauro, were reported and the matter of the purchase of a majority stock interest was considered and rejected by Woodbridge.

15. Sometime during the summer of 1968 (possibly summer of 1967) Mr. Thomas Hooker of First New Haven talked informally with Mr. George Church, then President of The Meriden Trust & Safe Deposit Company. There were apparently a number of informal discussions, possible also involving Mr. Frederick Calkins who had left the Puritan Bank after its merger with Colonial Bank & Trust Company. These discussions were on an informal basis only and did not proceed beyond that point.

16. In early 1968, possibly September of 1968, Mr. Chadwick undertook informal discussions with The Colonial Bank & Trust Company, and, at approximately the same time, Mr. Reid with the State National Bank of Stamford. Neither of these discussions came to any serious level although the Colonial discussions were subsequently renewed in the summer of 1969.

17. In the fall of 1968, a representative of The Randolph Computer Corporation discussed the possibility of that corporation making a tender offer to First New Haven shareholders. This matter was

delegated to Mr. Chadwick for investigation. After several discussions, some in New York City, Mr. Chadwick reported to the Board of First New Haven on the status of the matter, and the Board indicated its disfavor whereupon the matter was dropped.

18. On December 11, 1968 the Executive Committee noted that a possible tender proposal, involving a one bank holding company structure, had been received through Mr. Chadwick, now president of The First New Haven, from James Talcott, Inc. Several discussions were had with the Talcott Company, involving primarily Mr. Silverman, then Chairman of the Board of Talcott National. Mr. Chadwick and Mr. Bowerman participated in these conversations on behalf of the Bank and a proposal by Talcott was discussed. The First New Haven Board indicated that it would not recommend such a proposition to its stockholders and the matter was subsequently dropped.

19. Early in the fall of 1969, informal discussions between Nelson North, President of the City Trust Company in Bridgeport, and Mr. Chadwick, of First New Haven, were conducted. These discussions involved the possible merger of these two banks. On September 11, 1969, Messrs. Chadwick and Bowerman and Lapides of First New Haven were constituted a committee to develop the terms of a possible merger with a like committee from City Trust Company, consisting of Mr. North and Daniel Wheeler. Several discussions followed involving the negotiating committees and the

banks proceeded to draw guidelines of a possible merger, and further proceeded to seek outside opinions as to the validity of a proposed exchange ratio. Counsel for both banks (Messrs. Marsh, Day & Calhoun from City Trust and Messrs. Tyler, Cooper, Grant, Bowerman & Keefe for First New Haven) were drawn into the discussions at various stages, and a conference was held with Richard J. Blanchard of the Comptroller's Office in Washington. Arthur Andersen Co. and American Appraisal Co. were drawn in by the banks as consultants to advise and give opinions with respect to exchange ratios and property values, respectively. By April 30, 1970 it was apparent, however, that the merger could not go forward because of the inability of the banks to resolve certain points of negotiation, primarily the issue of cumulative voting. Negotiations with The City Trust Co. were terminated on May 28, 1970.

20. In the summer of 1969, informal discussions with The Colonial Bank & Trust Company of Waterbury had also begun with respect to a possible merger. These discussions involved Messrs. Chadwick and Hooker for First New Haven and Mr. Donald Henry and Frank White on behalf of The Colonial Bank. The discussions were dropped during the conversations held by First New Haven and City Trust Co. of Bridgeport. Subsequently, after the City Trust Co. matter had terminated, the subject of a possible merger with The Colonial Bank & Trust Co. was discussed by the First New Haven Board on or

about April 30, 1970 but the general feeling was that the Colonial Bank would not be in a position to meet the kinds of terms that First New Haven would feel to be appropriate and nothing further developed.

21. There were other instances of general discussions regarding mergers recalled by officers of First New Haven. One involved the Clinton National Bank where at least general conversations were held between Mr. William Hasse and other officers of First New Haven and Mr. Sturges Redfield of The Clinton National Bank. Consideration has been given to the Community Banking Company of North Branford, Connecticut and inquiries have been received from the Vernon National Bank of Vernon, Connecticut. The details of these items are vague; none proceeded to any level of serious consideration.

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PLAINTIFF'S INTERROGATORY TO DEFENDANTS,
SET 1, NO. 27

Interrogatory 27

With regard to the proposed consolidation of Connecticut National and First New Haven, state:

(A) The dates of and participants in all discussions regarding the consolidation preceding the consolidation agreement between officers or representatives of defendants;

(B) The name(s) of the person or persons who initiated each such discussion and the reasons for the initiation of each such discussion; and

(C) The substance and result of each such discussion.

- FIRST NEW HAVEN NATIONAL BANK

INTERROGATORY - NO. 27: Discussions re Proposed First New Haven - Connecticut National Consolidation

1. May 27, 1970: The first meeting on the subject was between Alexander Hawley and Frank G. Chadwick, Jr., Presidents respectively of The Connecticut National Bank and The First New Haven National Bank, and resulted from a call by Mr. Hawley to Mr. Chadwick. The subject matter was a general discussion regarding consolidating the two banks. It resulted in a decision to talk further.

2. July 24, 1970: A meeting took place between the above to further discuss the possibility of consolidation. The result, after both Presidents had conferred with their Directors, was a decision to seek an appointment with the Office of the Comptroller of the Currency to make him aware of the banks' interest in further studying a consolidation and soliciting the view of his office.

3. August 4, 1970: A meeting took place in the Office of the Comptroller of the Currency with the two Presidents and Richard J. Blanchard, Deputy Comptroller - Branches and Mergers, (plus counsel from the Comptroller's office), regarding the procedure required in filing an application for the consolidation of two national banks.

4. August 12, 1970: A meeting took place between Messrs. Hawley and Chadwick to discuss the results of the conference in the Comptroller's office in Washington noted above. A general discussion ensued regarding pursuing the idea of a consolidation further.

5. September 10, 1970: A meeting took place between the two Presidents concerning the presentation of discussions to date to the attention of the Boards of Directors of each bank with the suggestion that the time had come for Director involvement.

6. September 15, 1970: Mr. Chadwick reported back to the Executive Committee and other Directors of First New Haven regarding his discussions with Mr. Hawley. As a result, a negotiating committee from First New Haven was formed consisting of Mr. Chadwick, Robert Lapides and Charles N. Schenck III.

7. September 17, 1970: Mr. Hawley reported to his Board of Directors the discussions that had taken place with Mr. Chadwick, and asked that a negotiating committee be authorized to talk with representatives of the Board of Directors of First New Haven regarding a plan of consolidation. This committee was authorized, and consisted of Mr. Hawley, Samuel W. Hawley and Henry C. Wheeler.

8. September 23, 1970: Prior to September 23, 1970, operating personnel from both banks, at the Presidents' requests, had prepared statistical and other data for discussion purposes. On September 23, 1970, a meeting took place in Mr. Hawley's office between committees representing the Boards of Directors of each bank to consider the terms of consolidation of the two banks. Present were Messrs. Alexander Hawley, Samuel W. Hawley and Henry C. Wheeler - Directors of the Connecticut National Bank; and Messrs. Frank G. Chadwick, Jr., Robert E. Lapides and Charles N. Schenck III - Directors of The First New Haven National Bank. This group agreed in principle to terms of consolidation to be recommended to the Boards of Directors of each bank at their next meeting.

9. September 24, 1970: The Board of Directors of First New Haven approved a resolution giving preliminary approval in principle to the terms and conditions recommended by the negotiating committees regarding a plan of consolidation of the two banks.

10. September 28, 1970: The Board of Directors of Connecticut National approved a resolution giving preliminary approval in principle to the terms and conditions recommended by the negotiating committees regarding a plan of consolidation of the two banks.

11. September 28 - November 19, 1970: During this period, many meetings took place including the two chief executive officers, the negotiating committees, and counsel for both banks (Samuel A. Gilliland, Grove W. Stoddard and Huntley Stone for Connecticut National; Richard G. Bell for First New Haven). These meetings were addressed to refining the terms of a formal agreement, the retention of outside counsel (Cadwalader, Wickersham & Taft of New York, New York), the process of application to the office of the Comptroller of the Currency and stockholder approval, and broad operational considerations regarding the proposed new bank. In addition to the foregoing personnel, other officers of both banks began conferring on matters germane to the application in particular and the consolidation in general.

12. November 19, 1970: The Boards of Directors of both banks formally approved an Agreement of Consolidation and authorized its presentation to shareholders.

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UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

Address Reply to the Division Indicated and Refer to Initials and Number
RWMcL:DIB:CLW
60-111-2111

March 29, 1971

Honorable William B. Camp
Comptroller of the Currency
Treasury Department
Washington, D. C. 20220

Dear Mr. Camp:

This is in reply to your letter of February 3, 1971, requesting a report pursuant to Section 18(c) of the Federal Deposit Insurance Act, on the competitive factors involved in the proposed consolidation of The Connecticut National Bank, Bridgeport, Connecticut, and The First New Haven National Bank, New Haven, Connecticut, under the charter of the latter and with the title The First Connecticut National Bank.

1. The Banks

The Connecticut National Bank ("CNB"), organized in 1806, operates its main office and nine branches in Bridgeport and 38 other branches in 24 towns in Fairfield, New Haven and Litchfield Counties. As of December 31, 1970, CNB was the fourth largest commercial bank in Connecticut, with total deposits of $354.1 million (including IPC demand deposits of $154.0 million) and total loans and discounts of $228.5 million. Its 1970 net current operating income was $5.1 million, compared to its 1965-9 average of $3.8 million.

The First New Haven National Bank ("First New Haven"), the result of a consolidation in 1957 of two New Haven banks organized in 1792 and 1863, operates its main office and seven branches in New Haven, and 13 other branches in nine towns of New Haven County. As of December 31, 1970, First New Haven was the sixth largest commercial bank in Connecticut, with total deposits of $260.9 million (including IPC demand deposits of $145.3 million) and total loans and discounts of $185.2 million. Its 1970 net current operating income was $5.1 million, compared to its 1965-9 average of $4.4 million.

2. The Communities

The State of Connecticut (population 3.0 million) is heavily industrialized, with a large white collar population and relatively little farming. Industrial development and population are concentrated in a corridor extending from Greenwich in the extreme southwestern corner of the state to New Haven and north to Hartford, the state capital. Connecticut's population grew at the rate of 17.9 per cent during the 1960's, the highest rate of growth in the northeast. The state ranks first in the nation in per capita personal income and per capita value added by manufacture, and second in per capita effective buying income.

Fairfield County (population 786,000) is situated in the southwestern corner of Connecticut, with New York to the west and Long Island Sound to the south. Bridgeport (population 155,000) is the second most populous city and the leading industrial center in Connecticut. Fairfield County is characterized by diversified manufacturing and residential areas. Fairfield County enjoyed substantial population and economic growth in the 1960's.

New Haven County (population 734,000) is adjacent to Fairfield County to the northeast. There is considerable manufacturing activity in the county, including that of firearms, nuclear products, chemicals, electrical components and silverware. New Haven (population 134,000) is the largest city in the county.

3. Effect on Existing Competition

All of First New Haven's 21 offices are in New Haven County. CNB operates eight offices in New Haven County, in addition to its 39 offices in Fairfield County and one in Litchfield County. The main offices of the consolidating banks are approximately 19 miles apart. Both banks operate offices in the towns of Milford and Orange. In addition, CNB's Ansonia office is within one mile of the First New Haven office in Derby. These four towns are all located between Bridgeport and New Haven. CNB's five other New Haven County offices are located in towns in which First New Haven has no offices, in the northern part of the county.

The application indicates that the bulk of the business of both banks is derived from those towns in which they operate offices; however, some business is derived from other towns as well. 1/ It is apparent that the proposed consolidation will eliminate direct competition between CNB and First New Haven, particularly in the Orange-Milford-Ansonia-Derby area (total population 97,000) where both banks operate offices.

4. Effect on Concentration

First New Haven is the second largest of nine commercial banks headquartered in New Haven County. 2/ It holds the largest share of deposits in New Haven County banking offices, about 24.1 per cent, while CNB's eight New Haven County offices hold about 5.3 per cent. 3/ If the proposed consolidation is

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1/ For example, CNB derives 7.3 per cent of its commercial and industrial loans from New Haven County towns in which it does not operate offices. First New Haven derives 7.1 per cent of its commercial and industrial loans from New Haven County towns in which it does not operate offices.

2/ A total of 15 commercial banks operate offices in the county, including the two large Hartford banks and the three large Bridgeport banks.

3/ FDIC, Summary of Deposits, June 30, 1970.

approved, the resulting bank would increase its share to 29.4 per cent, and the share of the four leading banks in the county would increase from 68.1 per cent to 73.4 per cent.

The effects of the proposed consolidation will be most immediate in the Orange-Milford-Derby-Ansonia area, where seven commercial banks operate 16 offices. First New Haven and CNB hold 39.0 per cent and 19.5 per cent (first and second largest shares), respectively, of the total deposits in these offices. If the proposed consolidation is approved, the resulting bank would hold almost 60 per cent of commercial bank deposits in this area, and would operate eight of its 16 offices.

5. Effect on Potential Competition

Connecticut banking law permits statewide de novo branching into any incorporated city or town which is not the site of the head office of another bank. 4/ Both Bridgeport and New Haven are presently closed to de novo entry by new banks. 5/ Of a total of 50 towns in Fairfield and New Haven Counties, however, 36, containing a total population of 680,000, are open to de novo entry by outside banks.

Five New Haven County towns in which First New Haven presently operates offices are open to branching by CNB. These include the towns of East Haven, West Haven, and Branford, which are adjacent or very close to New Haven, and thus would provide good locations from which CNB could compete more effectively in New Haven. In each of these three towns, as well as in New Haven itself, First New Haven holds the leading market position. It may also be possible for CNB to organize a holding company and charter a de novo bank in the City of New Haven.

4/ Connecticut General Statutes Annotated, Section 36-59.

5/ Four commercial banks are presently headquartered in Bridgeport and three in New Haven.

First New Haven also has branching opportunities in towns in which CNB presently operates offices. These include three towns in northern New Haven County, and 12 towns in Fairfield County, including the towns of Stratford, Trumbull and Fairfield, which are adjacent to Bridgeport. CNB holds the second largest share of deposits, 39.9 per cent, only slightly below the leader, in the immediate Bridgeport area. It may also be possible for First New Haven to organize a holding company which could charter a de novo bank in the City of Bridgeport.

Finally, in the remaining six counties in Connecticut, 103 of a total of 127 towns, containing a population of about 870,000, are open to de novo entry by both CNB and First New Haven. In recent years, the larger banks in the state have begun to expand into areas more distant from their home offices. As the state's fourth and sixth largest commercial banks, CNB and First New Haven appear to be two of the most likely de novo entrants into these 103 open towns as well as any that may become open in the future as a result of mergers. Each has the resources and ability to open new branches throughout the state. Thus, whether the impact of the proposed consolidation is considered with respect to individual towns in the state, or with respect to the state as a whole, there is significant potential for increased competition between CNB and First New Haven which would be eliminated by the consolidation.

6. Conclusion

Because of its elimination of existing and potential competition between the two banks and the effect on concentration, we conclude that this consolidation would have a significantly adverse effect on competition.

A summary of this report is attached.

Sincerely yours,

RICHARD W. McLAREN
Assistant Attorney General
Antitrust Division

By: Donald I. Baker
Acting Director of Policy Planning

SUMMARY OF THE REPORT OF THE DEPARTMENT OF JUSTICE ON THE COMPETITIVE FACTORS INVOLVED IN THE PROPOSED CONSOLIDATION OF THE CONNECTICUT NATIONAL BANK, BRIDGEPORT, CONNECTICUT AND THE FIRST NEW HAVEN NATIONAL BANK, NEW HAVEN, CONNECTICUT

All of First New Haven's 21 offices are in New Haven County, where it has a leading market position. Connecticut National Bank operates eight offices in New Haven County, in addition to its 39 offices in Fairfield County and one in Litchfield County. The main offices of the consolidating banks are approximately 19 miles apart. Both banks operate offices in the towns of Milford and Orange. In addition, Connecticut National Bank's Ansonia office is within one mile of the First New Haven office in Derby. These four towns are all located between Bridgeport and New Haven. The application indicates that the bulk of the business of both banks is derived from those towns in which they operate offices. It is thus apparent that the proposed consolidation will eliminate direct competition between Connecticut National Bank and First New Haven, particularly in the Orange-Milford-Ansonia-Derby area (total population 97,000).

First New Haven is the second largest of nine commercial banks headquartered in New Haven County. It holds the largest share of deposits in New Haven County banking offices, about 24.1 per cent, while Connecticut National Bank's eight New Haven County offices hold about 5.3 per cent. If the proposed consolidation is approved, the resulting bank would increase its share to 29.4 per cent and the share of the four leading banks in the county would increase from 68.1 per cent to 73.4 per cent.

The effects of the proposed consolidation will be most immediate in the Orange-Milford-Derby-Ansonia area, where seven commercial banks operate 16 offices. First New Haven and Connecticut National Bank hold 39.0 per cent and 19.5 per cent (first and second largest shares), respectively, of the total deposits in these offices. If the proposed consolidation

is approved, the resulting bank would hold almost 60 per cent of commercial bank deposits in this area, and would operate eight of its 16 offices.

Connecticut banking law permits statewide de novo branching into any incorporated city or town which is not the site of the head office of another bank. Both Bridgeport and New Haven are presently closed to de novo entry by new banks. Of a total of 50 towns in Fairfield and New Haven Counties, however, 36, containing a total population of 680,000, are open to de novo entry by outside banks.

Five New Haven County towns in which First New Haven presently operates offices are open to branching by Connecticut National Bank. In at least three of these towns, as well as in New Haven itself, First New Haven holds the leading market position. It may also be possible for Connecticut National Bank to organize a holding company and charter a de novo bank in the City of New Haven.

First New Haven also has branching opportunities in three towns in northern New Haven County, and 12 towns in Fairfield County in which Connecticut National Bank presently operates offices. Connecticut National Bank holds the second largest share of deposits, only slightly below the leader, in the immediate Bridgeport area. It may also be possible for First New Haven to organize a holding company which could charter a de novo bank in the City of Bridgeport.

Finally, in the remaining six counties in Connecticut, 103 of a total of 127 towns, containing a population of about 870,000, are open to de novo entry by both Connecticut National Bank and First New Haven. As the state's fourth and sixth largest commercial banks, Connecticut National Bank and First New Haven appear to be two of the most likely de novo entrants into these 103 open towns as well as any that may become open in the future as a result of mergers. Each has the resources and ability to open new branches throughout the state. Thus, whether the impact of the proposed consolidation is considered with respect to individual towns in the state, or with respect to the state as a whole, there is significant potential for increased competition between Connecticut National Bank and First New Haven which would be eliminated by the consolidation.

Because of its elimination of existing and potential competition between the two banks and the effect on concentration, we conclude that this consolidation would have a significantly adverse effect on competition.

A-4 (3-20-71)

GX-96

REPORT OF THE

BOARD OF DIRECTORS
FEDERAL DEPOSIT INSURANCE CORPORATION

TO THE

COMPTROLLER OF THE CURRENCY

Pursuant to Section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c))

On the competitive factors involved in the proposed consolidation of

The First New Haven National Bank, New Haven, Connecticut

and

The Connecticut National Bank, Bridgeport, Connecticut

I. THE FACTUAL SETTING:

The First New Haven National Bank ("First New Haven"), (total resources $315,270,000; IPC deposits $237,196,000) was established in 1957 when the New Haven Bank, founded in 1792, and the First National Bank of New Haven, chartered in 1863, were consolidated. Twenty-one offices are operated in New Haven County, including the main office and 7 other offices in the City of New Haven. First New Haven has participated in no mergers or similar type transactions in the past five years.

The Connecticut National Bank ("Connecticut National"), (total resources $398,313,000; IPC deposits $301,629,000), operates 49 offices: 1 in Litchfield County, 9 in New Haven County and 39 in Fairfield County. The main office is in Bridgeport. One bank, having deposits of $17,046,000, has been acquired by Connecticut National since 1958.

New Haven County is in the south-central sector of Connecticut. The population was 733,840 in 1970, reflecting a growth of 11.1 percent since 1960. The City of New Haven had a decline in population of 18,500 (12.2 percent) in the same period. First New Haven's trade area encompasses 15 communities, an area which has had a population increase of 43,730 (10.3 percent)since 1960, the present population being 468,090.

Connecticut National's primary service area is Fairfield County, the second most populous county in Connecticut with 785,600 people in 1970, a growth of 131,010 people (20.2 percent) since 1960. Connecticut National's overall trade area includes 39 communities with an aggregate population of 1,032,600, some 18.1 percent more people than in 1960.

- more -

Re: The First New Haven National Bank

The combined population of both bank's service areas is estimated at 1,391,950, or about 46.5 percent of Connecticut's total population. Overlapping service exists today in the towns of Milford, Orange, Ansonia, Bethany, Derby and Woodbridge, having an aggregate population of 108,770.

While New York City exerts an influence on the economy of this southern Connecticut area and on local banks (since many residents reside in south-western Connecticut but work at New York State locations where the large New York City banks compete), the area is primarily dependent on local industrial and commercial activities.

Connecticut National is the dominant commercial bank in its service area with 19.8 percent of total commercial bank IPC deposits. Four other banks also have more than 10.0 percent of area commercial bank IPC deposits: Union Trust Company (17.4 percent), The State National Bank of Connecticut (14.8 percent), City Trust Company (13.5 percent) and Colonial Bank and Trust Company (11.0 percent). First New Haven holds 2.2 percent of commercial bank IPC deposits in Connecticut National's service area.

Within its own service area, First New Haven is the largest commercial bank with 36.8 percent of total commercial bank IPC deposits. Two other commercial banks hold more than 10.0 percent of area commercial bank IPC deposits: The Second National Bank (24.9 percent), and Union Trust Company (17.1 percent). Connecticut National holds 2.5 percent of IPC deposits in First New Haven's area.

If the proposed consolidation is effected, the resulting bank would have 26.0 percent of commercial bank IPC deposits and 70 offices in the combined service area, the largest commercial bank in this populated southern portion of Connecticut. The second-ranking commercial bank in the same service area would hold only 17.6 percent of total commercial bank IPC deposits and 38 offices in the same area.

II. EXISTING AND POTENTIAL COMPETITION BETWEEN THE TWO INSTITUTIONS

The nearest offices of Connecticut National and First New Haven are only one mile apart, and each draws a significant volume of business from areas served by the other. The proposed merger would eliminate this existing competition and reinforce for the resulting bank the dominant position held by each constituent bank in its present service areas. Each bank, moreover, is likely to find itself increasing competition with the other through the establishment of additional de novo offices in this part of Connecticut in the future, since each has the resources and the past experience necessary for such activity as well as the incentives of a fast-growing area. The proposed merger accordingly, would also eliminate a significant potential for increased competition between the two banks through de novo branching.

III. OTHER COMPETITIVE EFFECTS

Commercial banking is relatively concentrated in the State of Connecticut. The ten largest commercial banks hold 81.1 percent of the total deposits held by all 58 of the State's commercial banks. The merger proposed would increase that

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percentage to 82.8 percent, and if approved, would permit the consolidation of the fouth and sixth largest commercial banks, thereby significantly encouraging other large banks to merge and further concentrating the commercial bank resources of the State.

IV. CONCLUSION

The Corporation concludes that the proposed transaction would eliminate existing competition between First New Haven and Connecticut National, foreclose the possibility of increased competition between them in the future, strengthen the dominant position of each bank in its present market, and encourage the concentration of commercial bank resources in the State of Connecticut. The Corporation concludes that the proposed transaction would have a substantially adverse effect on commercial bank competition in southern Connecticut and over the long run, in the State as a whole.

NOTE

As required by the Bank Merger Act of 1966 (12 U.S.C. 1828 (c)), this report is limited to a report on the competitive factors involved, does not comment on the factors of convenience and needs of the community to be served or the financial and managerial resources or future prospects of either bank or of the resulting bank, and is not a recommendation as to whether the application should be approved or disapproved.

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GX-97

MAR 12 1971

REPORT BY THE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

to the

Comptroller of the Currency, under the Bank Merger Act

(12 U.S.C. 1828(c)), on the competitive factors

involved in the proposed consolidation of

The Connecticut National Bank, Bridgeport, Connecticut

and

The First New Haven National Bank, New Haven, Connecticut

I. THE PROPOSAL

The Connecticut National Bank, Bridgeport (Connecticut National), with deposits of $354 million, and The First New Haven National Bank, New Haven (First New Haven), with deposits of $261 million, propose to consolidate under the charter of the latter and new title of The First Connecticut National Bank, with headquarters in Bridgeport.

Incident to the proposal, the 49 offices of Connecticut National, located in Fairfield, Litchfield and New Haven Counties, would become offices of the resulting bank. Presently, First New Haven operates its main office and 20 branches in New Haven County, including the bank's main office and 7 branches in the city of New Haven. It is contemplated that all offices of the 2 proponents would be operated by the consolidated bank.

II. THE COMMUNITIES

Bridgeport, the State's second largest city and industrial center, has a population of about 154,000 and is the largest community in Fairfield County in the southwestern part of Connecticut, approximately 60 miles from New York City.

New Haven, population 143,000, is situated on Long Island Sound, approximately 18 miles northeast of Bridgeport. It ranks as a major retail and industrial center.

III. COMPETITION BETWEEN THE TWO INSTITUTIONS

The main offices of the proponents are approximately 18 miles apart. Connecticut National presently serves the Bridgeport, Norwalk, Stamford, Danbury, New Milford, Waterbury, and New Haven markets; First New Haven serves the New Haven, Bridgeport, and Meriden markets. Each of

the banks has offices in the towns of Orange and Milford; Orange is in the New Haven market, Milford is in the Bridgeport market. In addition, the branch of Connecticut National in the town of Ansonia is located within 1 mile of the Derby office of First New Haven. Each of the proponents derives some loan, deposit and trust accounts from areas served by the other; however, in most instances, the number of accounts and dollar volumes are not viewed as significant.

The two proponents generally grant the same classes of loans and hold the same categories of deposits. Approximately 49 per cent of Connecticut National's total deposits represent time and savings deposits, while 38 per cent of time deposits at First New Haven are in this category. Loans represent approximately 65 per cent of deposits at the former and 71 per cent of deposits at the latter.

There is potential for increased competition between the two banks. Under Connecticut law, no bank may establish a de novo branch in any town in which the main office of another bank is located. Under this law, a number of towns in the southwestern part of the State are closed to de novo branching, including Bridgeport, New Haven, Waterbury, Stamford, Greenwich, and Norwalk. At the same time, there are a number of towns open to de novo entry, and many of these are located in either the Connecticut National or First New Haven market area, which do not have offices of either bank. Also, there are a number of possible merger alternatives within the towns which are closed to de novo branching which would have considerably less of an adverse competitive impact than the proposed consolidation.

IV. OTHER COMPETITIVE EFFECTS

Connecticut National presently ranks fifth in the State, holding about 7 per cent of total deposits; First New Haven ranks seventh, holding about 5 per cent (data as of June 30, 1970). The consolidated bank would rank third with approximately 12 per cent of the State's total commercial bank deposits. The 4 largest banks presently hold about 53 per cent of the State's total deposits. The 10 largest hold slightly more than 80 per cent. Consummation of the proposed consolidation would increase the share held by the 4 largest banks to about 58 per cent of total deposits, and that of the 10 largest to 82 per cent.

Based on data as of June 29, 1968, Connecticut National has a 39 per cent share of the Bridgeport banking market, while First New Haven holds 4 per cent. In the New Haven banking market, First New Haven's share is about 39 per cent, and Connecticut National has about 2 per cent. In the Bridgeport market the four largest banks hold about 96 per cent of total deposits; in the New Haven market the four largest hold almost 86 per cent. Connecticut National presently ranks second in the Bridgeport market, but consummation of the present proposal would increase its share to the largest. First New Haven presently ranks first among the banks serving the New Haven market.

There is presently an application pending to consolidate City Trust Company, Bridgeport, with deposits of $242 million, and The Waterbury National Bank, Waterbury, which has deposits of about $61 million. The bank resulting from this consolidation would rank sixth in the State.

All of the largest banks in Connecticut have possibilities open to them whereby they could expand their present branch systems through de novo branching or through merger with relatively small local banks. It is important to note that as local banks are acquired by outside institutions home office protection can be broken so that where de novo branching was previously barred other outside banks can enter the local market. Considering the resources of Connecticut's largest banks and the present geographical extent of their branch systems, several banks appear to be in an excellent position to develop Statewide branch networks in the foreseeable future, including the Connecticut National and First New Haven. It would appear that the trend in banking structure in Connecticut is toward development of several Statewide banks and it would be undesirable at this point to permit the elimination of one of the banks which is most likely to develop an independent Statewide system.

The application indicates that New York and Boston banks compete for business in Connecticut and that the resulting bank would be in a better position to compete with the larger institutions. The resulting institution would, however, be substantially smaller than most of New York City banking institutions.

According to the application there were as of December 31, 1969, 25 mutual savings banks with aggregate deposits of $2.5 billion and 16 savings and loan associations with combined assets of $752 million operating within the area of Connecticut National and First New Haven. There are also numerous credit unions as well as insurance companies and small loan and finance companies in the relevant area.

V. CONCLUSION WITH RESPECT TO COMPETITIVE FACTORS

Consummation of the proposed consolidation of The Connecticut National Bank, Bridgeport, and The First New Haven National Bank, New Haven, would eliminate a significant amount of existing competition, particularly

in the local Bridgeport and New Haven banking markets. Moreover, there is potential for greater competition between the two banks through de novo branching or through merger with other possible alternatives in which the anticompetitive effects would be considerably lessened.

The subject proposal would join the fifth and seventh largest banks in the State, creating a bank which would rank third, holding about 12 per cent of the State's total commercial bank deposits. Thereafter, the four largest commercial banks would hold 58 per cent of total deposits in Connecticut. Such a move would continue concentration of banking resources in Connecticut in the large banks.

Overall, the competitive effect of the proposed consolidation would be substantially adverse.

NOTE

As required by the Bank Merger Act (12 U.S.C. 1828(c)), this report is limited to a report on the competitive factors involved, and is not a recommendation as to whether the application should be approved or disapproved. The term "substantially adverse" as used in the above conclusion is defined at 12 C.F.R. 250.102 (34 Fed. Reg., July 10, 1969, p. 11414); Fed. Res. Bulletin, July 1969.

GX-98

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

Civil Action No. 14,583

UNITED STATES OF AMERICA and WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, INTERVENOR, PLAINTIFFS

vs.

THE CONNECTICUT NATIONAL BANK and THE FIRST NEW HAVEN NATIONAL BANK, DEFENDANTS

Deposition of FRANK G. CHADWICK, JR., taken pursuant to the Federal Rules of Civil Procedure, at the United States Court House, New Haven, Connecticut, before Gerald Gale, a Notary Public in and for the State of Connecticut, on Monday, July 17, 1972, at 2:00 p.m.

[9] Q Are you familiar with the terms "retail banking business" and "wholesale banking business"?

A I am familiar with how I would interpret them. I am not familiar with how you would interpret them.

Q Would you explain how you would interpret those terms?

A I think anything that has to do with dealing with any segment of our communities, particularly in the lending field, with all segments, except the manufacturing and mercantile and trust activities would be retail. I would include that most of the mortgage activity, most of our—all our lending, even part of our commercial lending, anything that does not—that you would not [10] commonly think had to do with corporate commerce or manufacturing.

Q You would consider wholesale anything that has to do with corporate commerce?

A Yes, sir.

[12] Q How many offices does The First New Haven National operate in the City of New Haven?

MR. REYCRAFT: Rather than rely—do you know?

A Yes, I could give it to you in a minute. Seven, including the main office.

Q Do you think that the bank would be able to service the City of New Haven with one very large office if that office were centrally located?

[13] A No. If we could, we wouldn't have the seven offices. I should say, of course, we couldn't.

Q What is the reason?

A We have found, I think, that we have to be where our customers are or at least nearer to them than our competition, or at least as near to them as our competition.

Q Do you believe that the factor of convenience to the customer is of any importance?

A Primary importance.

Q Could you explain why you believe it's of prime importance?

A I would have to say that experience has taught us very clearly that if we are not where the customers are, we are not going to enjoy the business.

Q Are you talking about retail business?

A I am talking about both.

• • • •

[15] Q Would you be able to state what you consider to be the [16] service area of The First New Haven National Bank?

A I have got to answer this question two ways. What I consider the service area was up until two years ago, and what I consider the service area today. Up until two years ago or three years ago, we considered our service area, that area between the two rivers in Connecticut. Now we consider our service area the State of Connecticut.

Q What happened two or three years ago to cause you to change your view?

A Complete change in the climate of the banking business in the State of Connecticut.

Q What are you referring to which would cause this complete change in the climate?

A Recognizing that statewide banking is here and this happened very swiftly in the last several years.

• • • •

[72] Q I notice that this branch shows a substantial loss in each of the five years reflected in the statement. Does that mean your bank is losing money by operating this branch?

A Yes, of course, it does.

Q If you dropped the branch, would you expect that the expenses included in the Service Departments would drop by that amount?

A You mean if we closed the branch?

Q Yes.

A Of course, it would. These people, theoretically, are buying that amount of service from the main office. Some of it, parts of my salary would have to be divided up among 30 other locations. We are divided among 30 instead of 31.

Q So, then, the expenses incurred by the main office would not decrease because—for many items—because the branch was closed?

A Probably not, but I don't understand what we are getting at.

[73] Q Is there any reason why you don't close this branch that's losing money?

A Yes, because it's our judgment that this branch would be a profitable branch down the road. There is a great deal of development going on down there. It's much slower than we thought when we put the branch there, and I would predict that this branch will become one of the most profitable branches in the whole system. It just didn't come along as swiftly as we thought.

Q When you put the branch into this location were you counting on the growth and development to eventually make it profitable?

A Yes.

Q Is there any reason why you did not wait several years to put this branch in until the area had become developed?

A We made a mistake in judgment, in timing.

Q As a general matter, wouldn't it be more profitable to wait until an area is built up before you place a branch in that area?

A No.

Q Why not?

A Because Hartford might put a branch in there instead, and then we would be foreclosed from that time.

• • • •

[77] Q Did you play in the role in the establishment of branches in Wallingford in 1968?

A As President of the bank, but not the chief executive officer, yes.

Q Will you explain what your role was in the establishment of that branch?

MR. BELL: Which branch?

MR. BENTKOVER: Wallingford.

A Judgmental.

[78] Q Did you make a recommendation whether or not to establish that branch?

A I am sure—I would be sure that I joined in the recommendation to establish the branch.

Q What was the reason why you recommended establishing that branch?

A No one reason.

Q Several reasons?

A Sure. Number one, geographic, we needed to have representation in that part of the territory. We had some good customers up there. We saw it developing very strong economy in that particular area. We saw our competitors getting footholds there, and I guess all of our research said that's the place to put a branch.

Q What indications did you see of a developing economy in that area?

A First place, we saw Old Colony Road developing like very swiftly. We knew of the real estate development that was going on up there. We knew of the transactions having to do with several shopping centers. Research, counting the businesses and the deposit potential, and the potential customers that we saw there led us to a decision.

[79] Q Was it your judgment that the market for the bank's services in Wallingford was expanding?

A Yes.

Q Did you expect to make a profit the first year you established a branch in Wallingford?

A No.

Q Is it normal to make a profit the first year?

A Not for us.

Q About how many years do you normally expect it to take for your branch to be profitable?

A I have no rule. I have no judgment on that at all. There is no rule.

Q Would you explain how you decided it's worthwhile to establish a branch if you realize you are going to lose money for the first few years?

A We look at our business in a much longer range than a few years. We look at our business in a much longer range than that.

Q How far—

A In fact, in that particular location another factor was we were in a position of losing substantial customers and we felt from a defensive standpoint that was a criteria that we [80] had to recognize, too.

Q How far do you look ahead when considering the profitability of the branch?

A I can't answer. I don't know.

Q You mentioned long-term. I wondered whether you had some specific number of years in mind?

A No.

Q Would you look as far ahead as 10 years in analyzing the growth potential of an area?

A Yes, I think any business rule, any experience that I would have would indicate that it's common practice to look at least 10 years ahead to get your investment back before you start making profit.

Q Would your bank then look ahead 10 years in estimating how large the market for services would be for banking service in a potential market?

A Best estimate, yes.

Q Are there any particular factors of growth which you consider to be particularly good indicators of how good the market would be in the future?

A Yes. The injection of industrial activity, manufacturing activity.

[81] Q Who makes such projections?

A We do. It's a corporate decision, we see things happening, we see plants moving in, we see housing developments, we see retail stores going in, we see shopping centers going in. We make guesses on certain other things which will take place over a period of time. I don't think there is any way of defining this kind of thing. It's, again, a very unprecise science that you have to make some reasonably judgmental guesses on.

Q Is your bank also interested in predictions of the increase in population of a particular area in the future?

A Yes.

Q Why are you interested in that?

A Because we are in the banking business and population has a direct bearing on what our market is going to look like. It's a whole new science which I think they call demographic studies, and the demographic studies which we are becoming familiar with and which we are using are teaching us some very interesting and significant things.

Q Do you know which particular demographic studies your bank uses in reaching a judgment on whether to establish a branch?

[82] A Number one, we are using our own. Number two, we are using our—subscribing to a combined study which started from the census tracts which was being done by young computer scientists at Harvard and Yale, which are supplying us a lot of basic material, in combination with our own computers. We are doing a lot of this with computer patterns.

Q If your marketing staff and branch staff stated to you that in a particular town there was not at the present sufficient business to be—to make a new branch profitable, but in the future there would be substantial growth, would you consider placing a branch in such a town?

A They would have to document this, based upon the documentation and—a business judgment would be made.

Q Are you willing to consider placing a branch in a town if it is not profitable now, but maybe because of future growth become profitable?

A Yes.

Q You would look as far ahead as 10 years in assessing the potential and profitability of the branch?

A Yes.

• • • •

[84] Q Did you plan any role in establishing the branch in Guilford in 1965?

A As the chief lending officer of the bank, as a member of the staff committee, again, the judgmental input, yes.

Q What was your recommendation as to whether or not to establish that branch?

A I was in favor.

Q Was there anything in Guilford that made that location attractive to your bank?

A Which location?

Q The location where you now have a branch?

A Yes.

Q Would you explain what made it attractive?

A Post Road has all the signs of developing over the next few years in significant ways, activity is moving away from the Guilford Green in significant ways and we felt that where we are [85] now is the place to be in the future pattern growth of the town.

Q At the time you established the branch at that location, was there sufficient business to make it profitable?

A Did we have sufficient business to make it, or was there?

Q Was there?

A Potential?

Q At that time that you established the branch.

A I am not sure I understand what you are saying. Was there available, is that potential business you were talking about, or is this business that we did immediately?

Q I will say potential business.

A Yes.

Q When you established the branch, were you looking at future growth as—

A Yes.

Q How far ahead were you looking?

A I will stay with my 10 years.

Q Let's discuss your branch in Derby, which I believe you opened in '66, is that correct?

A Yes.

Q Was there anything which attracted your bank to Derby?

A I do not find in my memory any difference of reasons [86] for going to Derby than going any other place. Our research indicated that we ought to be there. In practice, we found that we could be there quite inexpensively, as a matter of fact, as compared with other branches. We had substantial built-in business there, so that the mix was different. The mix was substantially different than any other branch, therefore, the decision had to stand on its own two feet.

Q Did you also forecast substantial growth in the Derby area?

A No. Modest.

Q Are you currently surveying locations within your service area for potential branches?

A We always are.

Q Are there any areas in your service area which you now believe would be profitable sites for a new branch?

A We believe will be profitable sites?

Q Considering the future as you normally do?

A Yes.

Q Could you name towns or areas which you consider?

A Does this become public information?

MR. REYCRAFT: If you want a list of sites that he is surveying, we don't mind giving it to you in [87] confidence, but we will object to putting it in the deposition because it's going to be filed.

THE WITNESS: I wouldn't even tell my own wife where these are.

MR. BENTKOVER: Do you want to talk about this off the record?

MR. REYCRAFT: Sure.

(Discussion off the record.)

(Deposition adjourned at 4:45 p.m.)

[91] FRANK G. CHADWICK, JR., having been previously duly sworn, resumed and testified further as follows:

DIRECT EXAMINATION CONTINUED

BY MR. BENTKOVER:

Q Before we closed yesterday, we were discussing areas which First New Haven considered to have good potential for new banking offices. Could you state as specifically as you can without giving away what you consider to be confidential information, whether there are any such areas on the eastern shore of Connecticut, and could you identify those areas?

A May I refer to the map, please? We see a new character of potential banking business developing all along the east shore between where we are and New London. As you know, at least two of the towns are protected by the Home Rule Act with independent banks which would foreclose our going into those towns unless we purchased the banks that have that protection at this time.

Our purpose, therefore, would be to get as close to those towns as we can and to share the potential banking business. Those towns, of course, at the present time are Clinton and Deep River. We have studied and are studying the [92] traffic patterns, the developing growth

patterns, the needs of the other towns in that general area. Those towns would include Westbrook, Saybrook, Essex, Killingworth, Durham, Haddam, Lyme. Each of these towns we believe have interesting prospects for the future and we have them under study.

Q Have you already completed market studies of the potential banking business in those towns or that general area?

A They are ongoing because circumstances are changing in each of these towns. There is new activity developing in each of these towns.

Q Has First New Haven reached any conclusion as to whether or not it will establish offices in that general area?

A I would say that our board and management have concluded that we will pursue and we will open branches in that territory with whatever speed we can without interrupting our responsibility to our stockholders.

[94] Q Returning to your immediate service area and starting with the City of New Haven, do you believe there is potential for new facilities over the next decade?

A I would assume there would be.

Q What is the basis for your belief?

A Because we said yesterday the patterns of life, both socially and economically, change in a decade, and, therefore, we would expect to be flexible enough to move as those changes occur.

• • • •

[96] Q Are there any towns immediately surrounding the City of New Haven which you consider to have attractive growth potential [97] for new banking offices?

A I would have to say: yes.

Q Could you identify those towns?

A May I see that map again? Do I have to react to the towns that are protected by Home Rule, or do I have to eliminate these?

Q Would you include all towns?

A Regardless of what the law is?

Q Yes.

A North Haven is one, Hamden, Branford, West Haven. These towns are growing.

Q Do you have any knowledge of the attractiveness for new banking offices of the City of Hartford and the towns immediately surrounding Hartford?

A None.

Q Do you have any knowledge or opinion of the attractiveness for new banking offices of the towns in the far southwestern part of the State of Connecticut beginning at Greenwich and moving up through Fairfield?

A I recognize—I understand your question. Our market research says that part of the State is probably growing faster than any other part of the State. This has to be one of the [98] rationale of our attempting to have our stockholders share in that market.

Q Do you believe that there will be a need for new banking offices within that area?

A I would assume, yes.

* * * *

[102] Q Did The First New Haven Bank stop its plans to develop offices in this area because of the current antitrust case?

A I hesitate to answer that, to try to answer that.

MR. REYCRAFT: If there are a number of factors you can—

A I think my answer would be on the advice of counsel to answer: yes, we did interrupt our—what probably would have [103] been a time schedule.

Q Would you have planned to have opened branches in that area had this case not been filed?

A I think so, I think so.

Q What was the reason that you did not open branches in the area?

A I have to defer to counsel on that. It was on the basis of their advice to me that it probably might get in the way of this case.

* * * *

[111] MR. BENTKOVER: Mark as Chadwick Exhibit No. 6 a letter from F. G. Chadwick, Jr., to a party identified as "Dear Coy," dated October 30, 1970.

(Plaintiffs' Exhibit Chadwick 6 was marked for Identification.)

Q Mr. Chadwick, did you write this letter?
A Yes.
Q Can you identify the man you wrote it to?
A Yes, Mr. J. Coy Reid, my predecessor.
Q What was the reason you wrote this letter to Mr. Reid?
A He wrote a letter to me which you have a copy of requesting information on, I believe, 32 questions or observations which he made.
Q I direct your attention to the last paragraph on the first page. You state: "If my memory and records are correct, our Bank under your leadership has had serious conversations in the last ten years with sixteen banks or companies towards possible mergers. In the last fifteen years approximately, we have been successful in only three cases, Milford Trust Company, New Haven Bank, NBA, and the Branford Trust Company."
Did you think that The First New Haven National Bank [112] should have acquired more than the three banks you refer to?
A No.
Q At the top of Page 2 you state: "Two of these I consider to have been very good and constructive; the one with New Haven Bank, NBA, is still questionable in my mind for many reasons."
The two mergers you refer to, I believe those are Milford Trust Company and Branford Trust, is that correct?
A That's correct.
Q Would you explain why you considered those mergers to have been good and constructive?
A In each case, each bank gave us a foothold in a new territory with profitable operations immediately with no long term personnel liabilities, costly liabilities.
Q What did you mean by the word "foothold"?
A Meant that it got us into new towns that we couldn't have otherwise gotten into.
Q Did you use that foothold to expand within those towns?
A Yes, Milford and Branford.
Q What form did your expansion take?
A In both cases we have additional branches as well

as the branches—as well as the locations that were in existence [113] when we bought the banks.

Q Did you expand the particular branches which you acquired?

A Yes.

Q Have you substantially increased the deposits within the two banks that you acquired?

A Yes. * * * *

Q In the next sentence on Page 2 you state: "All of a sudden, certainly during the past year, the Connecticut banking scene has changed dramatically . . ." Would you state to what [114] you refer to as ". . . the Connecticut banking scene has changed dramatically . . ."?

A The activities of the Hartford banks, specifically in their moving into new parts of the State and their intention to encroach upon our—into our areas.

Q Continuing the same sentence you state: ". . . I believe that our Board almost unanimously feels that we can no longer enjoy the immunity or the luxury of further failure to gain for our stockholders a broader geographic base from which to expect growth and competitive capabilities."

Did you see any advantage to your bank in obtaining a broader geographic base?

A We discussed this in a number of different ways here, particularly Fairfield County and Litchfield County, parts of the State where CNB was entrenched. We saw the possibility of our stockholders sharing in that specific growth immediately.

Q Are there any particular advantages or would there be any particular advantages to your bank by having a broader geographic base rather than just in the immediate New Haven area?

A It seems to me self-evident if we are able to share in a faster growing area than where we now are that our stockholders [115] and our ability to serve would be enhanced.

Q Does having a broader geographic base also provide a more stable source of business so that you are less reliant on one area than another?

A Yes.
Q Did you consider that point?
A Of course.
Q Was that of any importance to you?
A I would have to think of prime importance.
MR. BENTKOVER: Mark as Chadwick Exhibit No. 7 two pages of handwritten notes.

(Plaintiffs' Exhibit Chadwick 7 was marked for Identification.)

Q Mr. Chadwick, can you identify the handwriting on the exhibit?
A Yes.
Q Whose handwriting is that?
A It's mine.

• • • •

[119] Q Would you read the last paragraph on the first page?
A "Even though our present discussions with CNB are highly tenuous, I see still a possibility that we in a new bank can become significant part of the largest bank in Connecticut."
Q Would you explain how you saw the possibility of that in a new bank First New Haven could become part of the largest [120] bank of Connecticut?
A If The Connecticut National Bank merger is successful, this would make us a three-quarter billion dollar bank and I would—I would suspect that my successors somewhere along the line would be taking the next step to—one way or another to make us a billion dollar bank, which would put us in the ballgame as the largest bank in the State of Connecticut.
Q Were you thinking of any specific steps?
A No, sir. Possibilities, yes, but specifically, no.
Q What possibilities did you have in mind?
A Pick any other bank that you want in Connecticut that is 300 million and you have the answer, and there are several.
Q Do you mean, then, that you were considering merging with another bank of equivalent size after this?
A I mean that I considered it a possibility.

GX-99

ACTUARY
JUNE 23, 1969

MEMORANDUM

To: Messieurs

Chadwick
Hooker
James

Are you interested in

...statewide bank representation?

...closing towns now open to commercial bank branching?

...opening closed towns (such as Hartford, New Britain, Waterbury, Stamford) to branching?

...a lead time of one to two years on our competition?

We have a plan....

James J. Terzakis, Ext. 2983

Paul H. Johnson, Ext. 4097

TUESDAY
JUNE 24, 1969

CORPORATE ORGANIZATION FOR GROWTH

I. Recent Merger Developments in Connecticut Banking

In 1968 the Connecticut Bank and Trust Company and the Connecticut National Bank filed an application with the Comptroller of the Currency to merge the two institutions. On April 14, 1969 the proposed merger was approved by the Comptroller, following which on May 9 the Justice Department filed suit to enjoin the merger. Subsequently the two banks abandoned their merger plans.

On July 9, 1968, The Union & New Haven Trust Company and The Fairfield County Trust Company announced plans to merge. On September 30, the State Banking Commission approved the proposed merger as did the FDIC on June 13, 1969. The Justice Department now has until July 13th to attack the proposed merger in the courts or to allow its consummation.

II. Antitrust Environment

It is clear that the Justice Department has adopted a more stringent stance toward mergers of any type -- industrial or financial. Even now the Department is planning to test in the courts the cannibalistic appetites of the conglomerates such as I.T.T. and LTV despite the fact that the original antitrust legislation pre-dates the conglomerate form as we know it today.

If the Department is consistent in its interpretation of the antitrust laws, then, the proposed merger of Fairfield County Trust and Union New Haven will not survive either.

It seems clear that the major banks in Connecticut will be allowed to merge only with the tiniest institutions -- certainly not more than $10 million in deposits -- and even these will be subjected to close scrutiny. The message rings clear that the avenues of growth for large banks will be restricted to de novo branching, in this state at least.

We cannot visualize such aggressive banks as CBT, Hartford National, or Connecticut National restricting their branching activities to their present market areas. These banks have gone on record as desiring statewide representation. If banking in Connecticut does move towards a "seats-of-power" stance (Hartford, New Haven, Stamford, Bridgeport, for example), we can expect that these banks will acquire "seats" in each of these power centers.

III. De Novo Branching Situation in Connecticut Now

If we accept the de novo route as the only practical avenue to bank growth, what then is the present situation? We can branch de novo in about 128 towns in Connecticut; the balance of 41 towns is closed to us via this route.

Among the 128, there are about 30 towns which have no financial institutions of any kind -- either commercial, mutual savings or savings and loans. These towns generally have less than 4,500 people, lack a significant retail focus and cannot support a standard size branch such as we have in Wallingford, for example. (A standard size branch building cannot be built for much less than $100,000 and with equipment,

for about $125,000 total. Moreover, we have abundant evidence that our standard size branches are going to become even more costly in the future.) For this reason (and others) we have not considered these towns for a standard facility.

However, if we wait for a town to grow and develop to the point where it can support our standard facility, it is reasonable to expect that in a good many cases our competition will file branch applications before we do. And yet the bank that establishes a branch in these towns first will gain a measurable advantage over its competition, not only in terms of being considered favorably as a depository for town funds but also in terms of the favorable corporate image it would project to the town residents.

Hence, if these unbanked towns are too small to support our standard branch, then attack the problem in reverse -- make the branch of a size that will fit the existing town market.

IV. Motor Banks - An Answer

We have explored the mini-branch or motor bank size facility to achieve this objective. For an investment of about $35,000 we can have a motor bank with 2 drive-ins, a walk-in lobby, 300-500 square feet of usable space, staffed with three people and fully equipped and more importantly, relocatable.

Hence, the factor of optimum location within the town is not critical -- getting in first is.

The market for this type branch, then, could be the 30 unbanked towns or the 149 where we are not represented. Conceivably, we can be established physically in the former instance

for an investment of about $1,000,000 or in the latter for about $5,500,000.

What, then, have we accomplished?

1. A highly favorable public opinion of our bank in those towns where we have provided full-service banking.

2. A competitive advantage initially.

3. Broader geographic market coverage.

4. A lead time on competition of perhaps up to six months only since competition will examine our motor bank concept and imitate it.

Proceeding further, how can we place greater constraints on competition and make our own position less vulnerable?

V. Organising for Growth

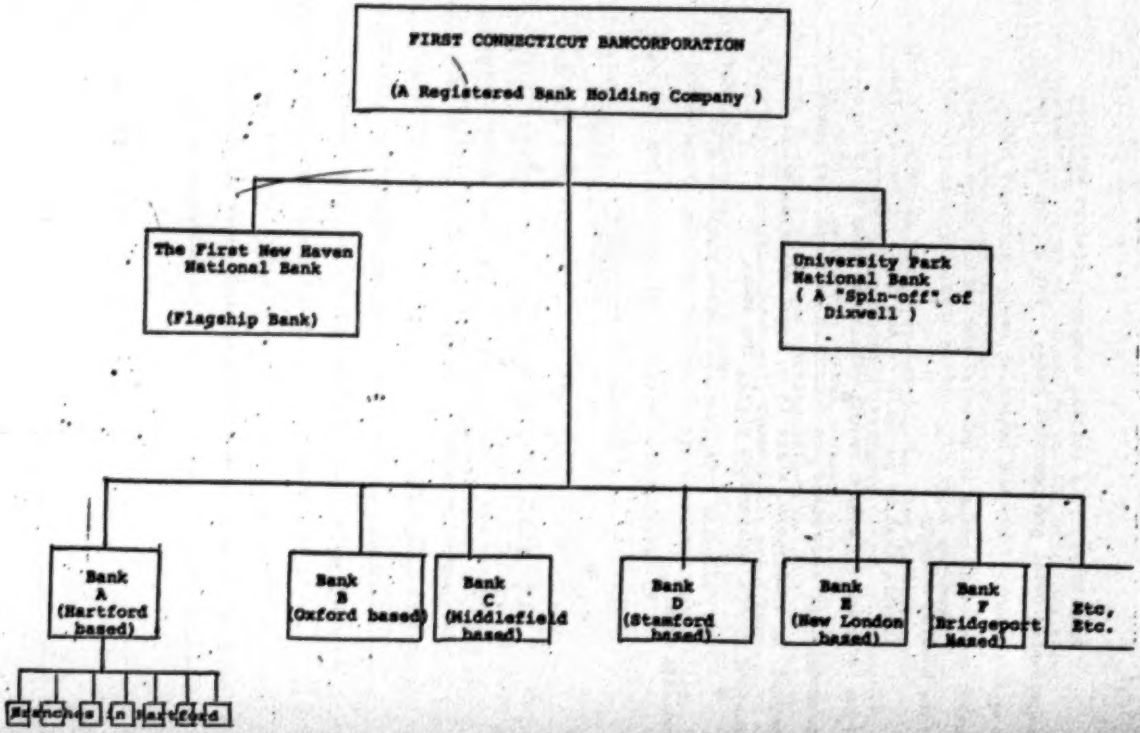
Form a registered bank holding company. Not a one-bank holding company but a registered one. To qualify under this organizational form, two independent banks are required wherein the holding company "directly or indirectly owns, controls or holds power to vote, 25% or more of the voting shares of each of two or more banks..."[1] The flagship bank would be the First New Haven and the second bank could be any number of possibilities including, for example, a "spin-off" of the University Park Office (Dixwell) after it is established for a time. (It should be noted that Connecticut has no laws regulating bank holding companies.)

1 = Bank Holding Company Act of 1956

Traditionally, a holding company acquires existing independently owned and operated banks. But why be bound only to existing banks? Why not establish newly chartered independent commercial banks in unbanked and banked towns as part of the holding company.

It will then be possible -- and legal -- for any one of the independent banks to branch within the town it is located. For example, if such banks are formed in Hartford, New London, Stamford, or Bridgeport, there is no legal restriction to branching by the independent within the town.

The following organizational chart outlines this corporate form.


FIRST CONNECTICUT BANCORPORATION
(A Registered Bank Holding Company)
The First New Haven National Bank
(Flagship Bank)
University Park National Bank
(A "Spin-off" of Dixwell)
Bank A (Hartford based)
Bank B (Oxford based)
Bank C (Middlefield based)
Bank D (Stamford based)
Bank E (New London based)
Bank F Bridgeport Based)
Etc, Etc.
Branches in Hartford

Now what advantages have we gained?

1. Closes unbanked towns to de novo branching by commercial bank competitors. Their entry to a town is restricted only to a newly chartered bank. However, there are no restrictions imposed on branching by mutual savings and/or savings and loan associations.

2. Opens towns closed to de novo branching by us forever or so long as the existing state banking laws remain in effect.

3. Presents us with an opportunity to gain statewide representation relatively quickly.

4. Furnishes our bank an immediate competitive advantage by being first in unbanked towns.

5. Establishes a competitive lead time of perhaps one to two years.

There are any number of variations that could be employed under this corporate form of organization. It may even be an attractive alternative for existing independent commercial banks (Home National, North Haven National and others) to enjoy the advantages of the holding company form but at the same time retaining their local autonomy.

In any event, we are convinced that we cannot insulate our bank from encroachment by the larger commercial banks of Connecticut in light of recent Justice Department actions.

What are Some of the Problems?

1. Personnel
2. Money
3. Incorporators
4. Regulatory Obstacles
5. Bank Security
6. Operations

GX-100

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

Civil Action No. 14,583

UNITED STATES OF AMERICA and WILLIAM B. CAMP,
COMPTROLLER OF THE CURRENCY, INTERVENOR,
PLAINTIFFS

vs.

THE CONNECTICUT NATIONAL BANK and THE FIRST NEW
HAVEN NATIONAL BANK, DEFENDANTS

Deposition of ALEXANDER F. HAWLEY, taken pursuant to the Federal Rules of Civil Procedure, at the United States Court House, Bridgeport, Connecticut, before Gail F. Keane, a Notary Public in and for the State of Connecticut on Friday, July 21, 1972, at 9:00 A.M.

Appearances:

JOHN W. CLARK, ESQ., FRANK N. BENTKOVER, ESQ., and KELLEY V. REA, ESQ.,
Trial Attorneys
U. S. Department of Justice
Antitrust Division
Washington, D. C.

CADWALADER, WICKERSHAM AND TAFT, ESQS.
Attorneys for the Defendants
1 Wall Street
New York City, New York
BY: GEORGE D. REYCRAFT, ESQ., of Counsel

• • • •

[4] Q What were your reasons for desiring this consolidation [5] with First New Haven National Bank?

A Well, I was becoming very aware of what was happening to the banking industry in this State, particularly the moves were being made into this very impor-

tant part of the State by particularly the two big banks in Hartford. They stated publicly that they were going to make major efforts in this area in written statements in an Annual Report.

It was clear they were heading in this direction and I was very aware of the fact that this would have a real effect upon the banking competition down here, our bank, the New Haven bank and it seemed to me that to maintain our competitive position, this was a very logical move to make.

Q You spoke of this very important part of the State. To what were you referring?

A Fairfield County.

Q Why is it an important part of the State?

A Because of the growth it has had, the general mix of its economy, the corporate structures that are moving in here, the wealth of the County, a number of reasons.

Q Do you recall the approximate time of which it was announced by the two Hartford banks that they were intended to expand into this part of the State?

[6] A Let me see, I believe it stated in the Annual Report, one of the major banks in Hartford, their 1970 Report, that their major move would be into Fairfield County. I was clearly aware of it, however, before this when our proposed consolidation with the Connecticut Bank and Trust Company was not affected.

Q What led you to make that conclusion after that consolidation failed?

A I knew of their interest, obviously, I knew of their interest in Fairfield County.

Q Did anyone at CBT indicate to you specifically that he would attempt to enter Fairfield County in another way, should the proposed consolidation fail?

A Yes.

Q And who was that?

A I believe the remark was made by one of the officers that this could only be done de novo.

Q Did he indicate that he would attempt such entry if—

A Well, to me, the way he said it was a clear indication.

Q And who was that?

A It was either Jim English or Walter Connolly.

Q When did he say this, was this after you had agreed to consolidate or before?

[7] A This was after the decision was made not to pursue the matter.

Q Now, in the time which has passed since that proposed consolidation failed, have the Hartford banks made efforts to enter Fairfield County?

A The first part of the question again?

Q Well, since 1970, since 1969, have the Hartford banks made efforts to enter Fairfield County?

A Since 1970? Yes, they have, Mr. Clark, yes.

Q Yes, they have?

A They have, in effect, entered the County.

Q How have they done so?

A They have done so by both the merger route and the de novo branching route.

Q Let's take CBT. Now, CBT did acquire Columbus Industrial Bank, did they not?

A Yes.

Q CBT has established one or more de novo offices in Fairfield County, is that correct?

A Yes.

Q One in Fairfield, is that right?

A Yes.

[8] Q One in Darien?

A Yes.

Q Are there others that I have missed?

A I don't think so. Darien, Fairfield, Bridgeport, and of course their entry which is currently being effected through their holding company with the Fairfield County National Bank in Norwalk which has two or three branches in the City of Norwalk.

Q Would you elaborate on this Fairfield County National Bank transaction?

A Yes. The Fairfield County National Bank was originally a merger arrangement with the Connecticut Bank and Trust Company. They subsequently have re-

vised the plan and they are changing the name of the Fairfield County National Bank to the Connecticut Bank and Trust Company, National Association, and organizing it as a bank in their holding company.

Q This is an existing bank in—

A Yes, it is a bank that is about perhaps six or seven years old.

Q Where is it located?

A Norwalk.

Q And that will become a subsidiary of a bank holding company which also controls CBT, is that right?

[9] A Correct.

Q When was that announced?

A I guess within the month.

Q Now, let's take Hartford National. How have they attempted to enter Fairfield County?

A I think their first move was merging the Lincoln National Bank in Stamford.

Q And they have also established one or more de novo offices, have they not?

A A number of them, yes.

Q One in Fairfield, is that correct?

A Yes.

Q Is there one in Trumbull, I don't know?

A I don't think so.

Q Are there any other de novo offices in the Bridgeport area that you know of?

A No.

Q How would you characterize—

A They are in our service area, not in the Bridgeport, but in our service area.

Q What other offices are there then within your service area?

[10] A Danbury, Ridgefield, I believe that is it.

Q Have these two banks offered significant competition to CNB within its service area?

A Yes.

Q Since they came in?

A Yes.

Q What was the extent of competition with these two

Hartford banks prior to these moves into Fairfield County that we have spoken of?

A Prior to moving into Fairfield County, their competition was negligible.

Q Was there any competition for the larger accounts?

A The only competition that we saw or recognized was in the municipal field.

Q Would you elaborate on that? What does that involve?

A Well, this is the rendering of financial services to municipalities from the point of view of bidding on their short-term obligations, discussing with them and assisting in their financial management.

Q But you are saying then that as far as you know, there was not significant competition for, let's say, the larger corporations which are operating in Fairfield County?

[11] A I wasn't aware of it.

Q Do you have any explanation for that, that is do you know why Hartford banks were not competing for that business?

A In our business, until you are established there, why, there aren't compelling reasons to solicit business. But now they are established here and strongly so.

Q And that holds true even for the largest accounts?

A Well, there are, of course, large accounts that are shared. I mean such as, well, United Aircraft and some of the larger accounts. But with respect to large local accounts, that holds.

* * * *

[12] Q Is Union Trust attempting to establish offices in the greater Bridgeport area?

A In the greater Bridgeport area?

Q Yes.

A Yes.

Q Do you know where?

A They have just established an office up in Trumbull.

Q Would you expect that office to offer significant competition to CNB in this area?

A It will offer competition.

Q Assuming that you are permitted to consolidate with First New Haven, how will that make you better able to compete with these three larger banks that we have spoken of?

A Well, there are any number of reasons. It will first of all give us a stronger base for attempting to compete with them in other parts of the State. It will give us, of course, improved lending limits, which will help us to hold important business. And this is the guts of our business, to keep the business that you already have.

It will enable us to provide more services than we are able to do now because of our size and improve our personnel, our staff, greater skills, more training, and come into this [13] market in a stronger competitive position then each of us is, separately.

• • • •

[15] Q Why do you feel it necessary, first of all, for the consolidated bank to become a state-wide bank?

A Because if we are not permitted to grow and improve the competitive structure of Connecticut banking, the State is going to be overwhelmed by these two Hartford banks.

[16] Q What does it matter to CNB that some other bank, a larger bank perhaps, would be represented throughout the State?

A We have been a very important bank in the commercial development of this State. The Connecticut National Bank has long and important identity with the commerce of this State and it is my intention to see that this is fostered and continues.

As our companies grow, it is necessary that a service industry grow with them to retain and hold onto this business.

• • • •

[18] Q And have you considered what Connecticut National Bank will do with respect to this need to become a state-wide bank if you are not permitted to merge with First New Haven?

A We have been attempting to spring out of this area that we are in and improve the competitive structure with the banking industry here for a couple of years now. It has been a lot of work, a lot of effort. It has its impressions which are left with our people. I don't know what I would do immediately. I feel that if this fails, we are delivering the domination of the banking industry in this State to Hartford.

Q What steps could or would CNB take to prevent that?

A I might consider certain ways.

Q Would you elaborate?

A Now mind you, this is something I haven't given very much thought to because I have been all wrapped up in what I am doing now.

MR. REYCRAFT: Mr. Hawley, I don't want you to speculate about things that you haven't really considered [19] carefully. So you don't have to engage in wild speculation.

MR. CLARK: No, I am not asking you to engage in wild speculation.

THE WITNESS: There are things that I suppose can be done, but—

MR. REYCRAFT: If you haven't considered them specifically, I really don't want you to speculate about them at this short notice and on the spur of the moment.

Q May I ask whether you have considered any alternative courses of action?

A If this merger should fail?

Q Yes?

A No.

Q And, therefore, you state that today your are unable to testify except through speculation as to what CNB would do in the absence of this consolidation?

A There are things that I would consider. I might, although I have never thought of it at the present time, I would study the holding company techniques and might analyze other possible mergers, but the period of time involved would place [20] this bank of mine at a serious disadvantage.

Q Vis a vie?

A Because it would divert attention from the business of banking which my major competitors in Hartford are now doing.

* * * *

[30] Q Do you believe then that this consolidation would permit you or would make you better able to retain business of this type which you now have?

A Yes.

Q And if you are not permitted to consolidate, what would be the effect within Fairfield County?

[31] A Fairfield County is extremely important from the point of view of its manufacturing strength and corporate headquarters strength and this is frightfully important to the Connecticut National Bank. The improved banking services across the board that we will have will be very meaningful in this competitive climate.

Q I was referring to the possibility that the consolidation would not go through.

A Oh, would not go through.

Q Now, you said that if it did, you would be better able to retain business of this type. If it does not go through, would you be likely to lose it?

A Very likely to lose the business.

Q To whom, Hartford?

A Yes.

Q Since the entry of the Hartford banks into Fairfield County, have you lost business to these banks?

A I believe business has gone to them that we might have retained, or that we might secure.

Q So this is business which you had not had before but which you might have gained except—

A No, it is portions of business, municipal area, for [32] example.

Q Can you state whether or not there was any business which your bank was doing with one or more customers which you have lost to the Hartford banks?

A No, I can't answer that.

Q So then are you speaking of simply the ability of CNB to continue to gain a share of this larger business which you have gained in the past? I haven't made myself clear. I won't pursue that.

Let's take the subject of loan limits. What would the loan limit of the consolidated bank be, how much larger than CNB's?

A Almost double. Be something over four million.

Q Do you expect that there would be customers who would borrow fully within this loan limit?

A Yes.

Q How many customers, roughly?

A If I understand your question, the number of people who would avail themselves of the new limit to its fullest?

Q Yes.

A Oh, many.

Q More than ten?

[33] A Yes.

Q Can you estimate in numbers of dollars then how many dollars of additional commercial industrial loans the consolidated bank would make to these large customers?

A In other words, on the consolidated bank, with its increased lending ability, what that would mean in dollars?

Q Yes.

A Well, as I said a moment ago, with our current limit of two million and we have a number of national lines who are using that, I expect that most of these lines, these national companies, would take our full limit. It is pretty hard to measure in terms of dollars.

Q Would the consolidated bank then be making a greater amount of commercial industrial loans by dollar than both banks are now making separately?

A I believe, yes.

Q Can you estimate in terms of a percentage or dollars how much more?

A No, I couldn't. I really couldn't.

Q Do you think it would be substantial?

A Well, substantial is a relative word. It would be measurable, we would see it.

* * * *

[51] Q Does CNB compete in the City of New Haven?

A No.

Q Do you solicit accounts in New Haven?

A No.

Q Do you consider CNB to be in competition with First New Haven in any area of the State of Connecticut?

A Not really, except for Orange and Milford.

[52] Q How about Ansonia-Derby?

A Well, I think it is fairly modest. They have an office in Derby and, of course, we are in Ansonia. There would be some.

Q And I take it your reason for stating that there is competition in these towns is that both banks have offices there?

A Yes.

Q Am I correct?

A Yes.

• • • •

[52] Q Have you made any attempt to estimate the cost of substituting new services which the consolidated banks might offer?

A No.

Q Have you made any attempt to assess the market demand for such new services which might be offered?

A We know they are needed in order to maintain our competitive position with the Hartford banks.

Q How do you know that?

A Because if we are going to, as a service business, render the kind of banking services this wholesale and retail market needs, we must do it.

Q Have you sent your marketing division Vice-President, for example, into the Fairfield County area to attempt to find out [53] the number of corporations who would use some new service other than higher loan limits?

A I have not sent them, whether they have or not, I hope they have.

Q Have you hired any consulting firms to make surveys as to the possible demands for new bank services?

A No.

Q Do you recall whether or not your bank has, in recent years, received requests from customers for cer-

tain services, any services which you were not then offering?

A Yes, I have heard remarks made from officers of mine about services we do not provide.

Q They had received inquiries from possible customers about them?

A Yes.

Q What happens after these inquiries? Did the bank attempt to satisfy them in any way?

A We didn't feel that we could, at that time or this time, invest the money.

Q Did you attempt to help the customer by putting him in contact with the bank that could satisfy his needs?

A I believe they would, I would.

[54] Q Is that the normal thing for a bank to do when it finds that it cannot personally satisfy a customer? They put him in contact with a correspondent bank, for example?

A I think so, and it is logical that the client would ask questions.

Q Do you know then whether there has ever been any request for service from CNB that the customer was not able to obtain from some source?

A A request of us that we have not been able to provide?

Q Or that was not provided by someone?

A No, I don't.

• • • •

[55] Q You are aware, I am sure, that some members of your Board of Directors are also members of Boards of Directors of other savings banks?

A Yes.

Q And you are also aware, I am sure, that there was a motion placed before the Shareholders to require all such dual memberships to be eliminated?

A Yes.

Q And that your bank opposed the motion?

[56] A Yes.

Q What were the reasons for your bank's position?

A Number one, there is nothing illegal about a man being a director of a commercial bank and a trustee of a mutual savings bank. We felt that the following of such a resolution would seriously inhibit our ability to select directors. I feel strongly, also, that the corporate businessman has a closer relationship in the business structure to a commercial bank than a savings bank.

Q Well, that being the case, why do you fear the possibility that this corporate businessman could not serve on both boards?

A Why do I fear it?

Q Yes.

A I don't fear it.

Q Well, you said that if the businessman could not serve on both boards, it might hamper CNB's ability to get or to attract capable people as directors, am I correct?

A Yes.

Q Wouldn't you expect those capable corporate officers, given the fact that they are perhaps closer to the commercial bank in terms of their needs than the savings bank, wouldn't you expect them, if they had to choose, to choose the commercial bank?

[57] A It is likely.

Q Did you consider that factor, you or the bank or the Board, when it made its decision to oppose the motion?

A Well, I thought another thing and that was that if we were to do this, it would put our bank at somewhat of a disadvantage in the selection of directors, vis a vie these other commercial banks who were not subject to such a resolution or stipulation.

Q You don't feel that your bank is at a disadvantage then because there are several members who are also members of a savings bank, am I correct?

A At a disadvantage?

Q Yes.

A No.

• • • •

[59] Q Would you tell us how CNB made its de-

cision to establish de novo branches while Mr. Shea was Chief Executive Officer?

A Yes, I was very much involved. He, as you may or may not know, established the first branch bank in the State and he was way ahead of his time in relationship to bringing banking to [60] the people through branching. And the greatest period of growth for our bank branch-wise was between 1958 and 1963 and that was the work that I was principally doing.

Q How was it decided then during that period to put a branch in location A or location B?

A Well, these were the early days and we saw the growth of the area and, as I say, Mr. Shea was in many ways well ahead of his times in his approach to banking and he saw in the early days what was happening in Fairfield County. He just started out.

Q Did you have any systematized study or research?

A Well, we would look at an area or a town, consider the present banking facilities, if any, and make a judgment as to whether or not we could establish a profitable branch.

Q What other considerations did you use other than existing banking facilities?

A Well, the nature of the economic structure of the community, whether it be residential or how much industry there was, manufacturing, retailing, what we thought it represented, would represent in the way of growth.

Q Did you attempt to project earnings for the possible new branch?

A Yes, we did.

[61] Q How far into the future did you look in order to make the decision that an area would be a good place for a branch?

A We would target profitability on three years.

Q Do you know whether or not that target was usually met?

A It usually was.

Q Did you ever look farther than three years into the future?

A No.

Q Did you feel that—were there ever any sites which you turned down or rejected for any reason after initially considering them?

A May I answer this way: There have been areas that I have looked at and decided not to branch in.

Q Within what time period are we talking now? Is it still within the '58-63?

A No, this is later.

Q All right. Well first of all, after 1963, was there a change at all in the way things were done or in the policy of the bank?

A No.

Q Did you continue to be personally active in the decision [62] to open new branches?

A Yes.

Q And this continued right up until Mr. Shea's death, is that correct?

A Yes.

Q What has CNB done to change its policies if there have been any changes since Mr. Shea's death?

A Let's see, he became Chairman in 1968 and from January 1 of '68 I maintained the same branching and hopefully merger philosophy which we had always had vis a vie the Atlantic Bank in Stamford, April of 1970. Now, there has been no basic change in our philosophy.

Q Would you describe for us what that philosophy was? I mean Mr. Shea apparently was very active in expansion. Can you tell us more precisely what his philosophy was along those lines?

A Well, our modus operandi really was to on an orderly basis spread out and expand our service areas, town by town, moving north and to the west of us.

Q What factors did you consider in deciding to go into a town, just that the town was there or did you look at the economics of the town?

[63] A We studied everything which would have to do, hopefully, with allowing a decision that we would have a profitable bank.

Q You spoke of towns which you rejected for one reason or another. Can you tell us what those towns were?

A Well, there really weren't towns. I will give you an example, and it wasn't too long ago, perhaps two years ago. The Lordship area of Stratford is right behind the Municipal Airport and it is a small, little community, it doesn't have a bank. I was approached from time to time by citizens living out there about establishing a banking office and I went out and looked it over and felt that it just could not be justified economically.

Q So then you are speaking of perhaps more limited locations rather than towns per se, is that right?

A Yes, I mean you are taking the whole town, it would be a difficult subject.

Q Have you ever studied whole towns for branch possibilities?

A Where I have not branched?

Q Either way?

A Oh yes, when I opened the office in Newtown, I studied the entire town of Newtown.

[64] Q Did you study the Town of New Milford before you opened that branch?

A The Town of New Milford?

Q Yes.

A Yes, indeed.

Q What did you find attractive about that Town?

A It is a very, very rapidly growing area on Route 7 which is an important north-south artery and we very much wanted to be in business there.

Q Did you study the Town of Prospect, which I think you opened in 1966 or so?

A Yes.

Q What was attractive about Prospect?

A Growing town. We had a base in Waterbury and we wanted to have a flanker out here for the bank.

Q What criteria do you use to determine whether a town is growing or not?

A Well, we analyze the population trend over the last ten or twenty years, talk with people in the towns, see what is going on in terms of new building, new construction, development. Gather any statistics that we

can which would give us a basis on which to make a judgment.

[65] Q You mentioned your merger in Stamford. What were the reasons which led you to acquire that bank in Stamford?

A We want very much to be doing business, have the Connecticut National Bank doing business in the City of Stamford.

Q Because it is, in fact, a growing area?

A Right.

Q Your bank did pay a rather substantial premium for the Atlantic Bank in Stamford, did it not?

A Yes, we did. We paid a premium.

Q Why were you willing to pay that premium?

A In order to secure more banking offices for the Connecticut National Bank in this very important and rapidly growing area.

Q Do you feel then that it was a good investment?

A Yes, I do.

GX-101

OUTLINE OF PROPOSAL TO CONSOLIDATE

I have talked with Frank Chadwick from time to time during the summer, and we also made a trip together to Washington to discuss with the Comptroller of the Currency's office in very general terms the possibility of the consolidation of the Connecticut National Bank and the First New Haven National Bank. In one of my conversations with Frank, I outlined what I thought might be a plan of consolidation of our two banks. In these times of unprecendented change in the banking industry in our State, I believe a consolidation to be in the best interests of our staffs, customers, shareholders and the public. The changing situation can perhaps be most vividly illustrated by what has taken place in the City of New Haven within the last year. Mergers resulting in The Union Trust Company, the entry into the New Haven market of the Connecticut Bank and Trust Company, and the proposed entry of the Hartford National Bank and Trust Company will have placed the First New Haven National Bank fourth in size in New Haven and brought to bear in its immediate principle service area severely increased competitive pressures.

A review of the approach to the banking business currently being taken by our two banks indicates a high degree of homogeneity and compatibility. Each bank has a branch system with a somewhat similar diversity of business mix. A consolidation of our two banks would link up the strong position the Connecticut National Bank has in Fairfield County with the strong position enjoyed by the First New Haven National Bank in New Haven County. I view this as a consolidation of two national banks of somewhat similar size. The Connecticut National Bank as of June 30, 1970 had in operation 48 offices in Fairfield, New Haven and Litchfield Counties—total assets of the bank were $380,446,418.

The combined banks had total assets of $663,412,787 as of June 30, 1970. The legal lending limit to any one borrower would be $4 million. It would appear unde-

niable that the combined banks would be in a far better position to meet the new competitive situation that has so recently developed to a major degree in New Haven County and to a somewhat lesser but increasing degree in Fairfield County.

My proposal would be along the following lines:

1. Charter—retention of the present charter of the First New Haven National Bank.
2. Name—First Connecticut National Bank.
3. Head Office—Bridgeport.
4. Board of Directors—25 members composed of 13 members from the Connecticut National Bank and 12 from the First New Haven National Bank.
5. Directors' Meetings—to be held monthly alternating between the Bridgeport and New Haven Executive Offices.
6. Management—

	Present	Proposed
Frank G. Chadwick, Jr.	President	Chairman
Lewis A. Shea	Chairman of the Board	Vice Chairman of the Board and Consultant
Alexander Hawley	President and C.E.O.	President and C.E.O.

I would propose that the Chairman of the Board maintain his office in New Haven and assume the major responsibility in the direction of the affairs of the New Haven division to be called the New Haven Executive Office. The Vice Chairman will continue the maintenance of his present office in Bridgeport. The President would have his principal office at the Bridgeport Executive Office and also an office in New Haven.

Terms of Consolidation

In reality what is being proposed is the organization of a new bank under the existing charter of the First New Haven National Bank. An analysis of the Statements of Condition and Operating Statements of the

two banks clearly indicates that in such a consolidation a single share in the First New Haven National Bank would be worth more than one share in the new bank, while shares of the Connecticut National Bank would be exchanged on a one share for one share basis.

General Remarks

Our visit with the Comptroller of the Currency in Washington left me with the following conclusions which certainly deserve consideration:

1. The Comptroller of the Currency's office would approve consolidation of our two banks.
2. The Justice Department would probably render an unfavorable advisory opinion.
3. If the Justice Department were to bring suit to prevent the consolidation, the Comptroller of the Currency's office is optimistic about prevailing in the U. S. District Court.

GX-102

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

Civil Action No. 14,583

UNITED STATES OF AMERICA and WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, INTERVENOR, PLAINTIFFS

vs.

THE CONNECTICUT NATIONAL BANK and THE FIRST NEW HAVEN NATIONAL BANK, DEFENDANTS

Deposition of WILLIAM C. PETERS, taken pursuant to the Federal Rules of Civil Procedure, at the United States Court House, Bridgeport, Connecticut, before Gerald Gale, a Notary Public in and for the State of Connecticut, on Wednesday, July 19, 1972, at 3:00 p.m.

[6] Q Are you familiar with the way in which branch earnings and expenses are computed?

A They have changed a number of ways over the years and I wouldn't want to say that definitely yes now.

Q Do you know, for example, how the indirect earnings and expense items are allocated to branches, what factors are considered and what sort of formulas you used?

A As I say, we used a number of different formulas over the years. Some indirect aren't allocated at all and others are. It's sometimes done on the basis of deposits, sometimes done on the basis of accounts, numbers of accounts. You know, the proportion to the other offices in distributing down what the expense might be.

Q There are a number of ways this can be done?

A Right.

Q As comptroller, do you have a general opinion as to the profitability of your bank's branches?

A I would say they probably all are profitable now. There [7] may be one or two borderline ones, especially

the new ones. We figure on two or three years before you can count on a branch being profitable.

Q Has your bank ever closed a branch because it was unprofitable?

A No, we have not, not to my knowledge.

Q Have you ever been requested to make cost studies or estimates of possible new services that your bank would offer?

A We have—we look into services, and as part of looking into them we would estimate the profitability of what we felt it would be of these services yes.

Q Can you name some of these services that you have investigated?

A Recently our preferred earnings plan, which is an investment account that we got into, I think in 1970, and—I was involved when we were getting into customer services, and that was more of a case of determining whether we wanted to get into the overall type of operation.

Q Customer service is what?

A Customer service is more or less computer services that you render to various customers of the bank, such as account reconciliation, professional billings, payroll accounting, [8] municipal accounting and so forth.

Q You say that the bank is not now offering this?

A We are, yes.

Q How long have you been offering it?

A Some of the services we have been offering as much as 10 or 12 years ago, and around 1964 or '65 we looked into the possibilities of setting up a smaller computer for this one function. We decided to go into it and we ran that until last fall and then we incorporated it back in again with our overall data processing operation and eliminated that separate computer as a function. Then, of course, streamline down the number of types of services we offered to what we felt were the more profitable.

Q Did you say that you had conducted studies into one or more of these customer services at profitability of the bank?

A We looked into what we felt would be an estimated profitability, and as things didn't prove out, we might tend to drop off these services.

Q How did you go about estimating the profitability?

A It's a very difficult thing to answer because at that time there wasn't too much experience in the field. You had a more or less guesstimate, I suppose. You couldn't come up with [9] hard figures as to what profitability would be on such things as inventory control or not knowing how many customers you could possibly touch.

Q That was a question—

A And what the volume would be and so forth.

Q That was a question I asked, as to what your methods were, if any, for estimating the possible demand for this service or for any service you were looking into?

A You are strictly trying to guess what the market might be and how many people would be interested in a type of service you were offering.

Q Did you ever—

A It depended a lot on—I think we talked to some extent to some of the equipment manufacturers and got some leads there. Just to try and find out where there would be a need for the service we were rendering.

Q Did you try to make market surveys contacting possible customers to find out if they would use such a service?

A Not as such. Not in a real market survey, because such things as customer services, what happened along those lines, it would develop that each customer began to get customerized and that's where you started to lose your profitability. If you [10] could set it up and be hard and fast on a particular type of service and have every customer adhere to exactly what your programs are and all, that's fine and dandy, you would be able to do a good job, but you find in such things sales analysis and inventory control and some of these different services like that, everybody wants it done a little differently. Pretty soon you just get out of that particular field because you can't afford to spread your work so wide. You get into too many perhaps. It's just impractical.

Other services like payroll where you can standardize and the customer pretty much conforms to that type of a service, then you can get into good volume with it, it becomes a profitable service and it's a matter of trial and error, really.

Q Are there any programs of this type that you feel your bank is not capable of instituting should there be a requisite demand?

A I think it's not a matter of whether the bank is capable of doing it or not, it's a matter of whether your market is large enough to support it. For example, we get a lot of competition in our municipal tax accounting, and it's difficult to maintain that market in the area we are in because we have so much competition from outside the area. We started out, I forget [11] how many towns we were doing, maybe six or seven, and we are down to three or four now.

Q What is your competition from outside the area, who is it?

A Well, for a while there a good portion was coming from CBT, Connecticut Bank and Trust in Hartford. I don't know if Hartford National is in it too much now or not because I have not been since—since we have had out our own marketing set up, I don't get involved with what the marketing competition is. In the early days before we set up marketing we were a little closer to it. Our biggest competition is from CBT and another outfit out of Hartford, and I don't know if it's associated with Hartford National or not.

Q When was this that the CBT competition became particularly significant?

A '65, '66, in there, I know. How much since then, I am not sure. Usually, the towns would sign three-year contracts with whoever they were having their work done with, and by the time they got around to renewing some of these contracts, I had gotten more disassociated from the marketing side, and I really don't know what the competition is at this moment, where it is from, but I know we are down to about four towns.

[12] A Very marginal. It's a very detailed operation, as you can imagine, tax accounting.

Q Is any of this outside competition coming from New York City?

A I can't say definitely. It could be down the county a ways.

• • • •

[14] MR. CLARK: I ask this be marked as Peter's Exhibit 1, a memorandum to Mr. Bruce W. Taylor from William C. Peters, Subject: "Effect of New York Banks [15] on CNB Market Area".

(Plaintiff's Exhibit Peter 1 was marked for Identification.)

Q Do you recall writing that memorandum, Mr. Peters?

A I don't recall writing the memorandum itself, no. I believe the—survey we did at the time of CBT.

Q Would you elaborate on that, what occasioned the survey and what your role was?

A We are down in the lower Fairfield County area looking over the deposits that were coming in to get a feeling as to how much in the way of New York items were—we were processing and just by reviewing it to see if we could get a feel to see how many were local people banking in New York as compared to outside of Connecticut items.

Q This was in connection with the proposed merger with CBT, is that right?

A Yes, I would say so, judging from the dates, too.

Q You spoke of "we" making the survey. Was anyone else involved?

A A representative from CBT was with us.

Q Do you recall his name?

A John Laverty.

[16] Q This indicates that you visited four offices down in that lower part of the county, Darien, Westport, New Canaan and Norwalk. Do you recall those visits?

A I recall the day, it was one day. As I recall, it was in preparation for the economic brief on that attempted consolidation.

Q Have you had occasion to do any follow-up studies of this kind since then?

A Not that I remember. I don't believe so, unless you pull another paper out that says contrary, but I really don't.

Q Speaking of these clearings, would you explain to me—this is Paragraph 1, second sentence, and I would read it: "The counter work revealed very little except that personal New York checks of the husband were deposited to a household account handled by the wife in many cases."

Does that mean that the husband would have written a personal check to his wife?

A Yes.

Q On an account which he held in a New York bank?

A Right.

Q Do you recall any indication of the number of items of this type that these—

[17] A We had figures, but I don't honestly recall. It was sizable. It was quite sizable in this particular area, especially.

Q Those figures are not reflected, the number of those checks are not reflected on the second page, are they?

A No. I am just wondering if the second page goes with the first one. I guess it does because the figures tie in. They wouldn't be reflected here. These are the various direct cash letter sends that we have out of Bridgeport to different federal reserve banks.

Q Does this memorandum correctly reflect the results of your investigation on that day?

A It reflects what we felt was the situation, yes.

MR. BOYER: Could we establish the date of this memorandum?

Q Can you be more specific on that, Mr. Peters?

A I can't give you the exact date, no, but it had to be in the—I am sure it was the summer of '68 because I know we were preparing—it was in preparation of the economic brief with CBT and some information that they asked for us to get.

Q Are those the only offices that you checked on this subject?

[18] A Yes, I am pretty sure they are.

Q Why didn't you check other offices?

A We checked offices that were in the real commuter area such as Westport, Darien and New Canaan, South Norwalk obviously is not, and we just wanted to see if it was a pattern in the area or the same situation held true in South Norwalk. South Norwalk is more industrial.

Q That's closer to Bridgeport, further east?

A No, Westport is closer to Bridgeport.

Q In other words, you say that even though South Norwalk is closer to New York, it is not considered to be a bedroom community, so to speak, one where commuters live?

A No, not South Norwalk, not hardly.

MR. CLARK: We have no further questions.

MR. BOYER: No questions.

(Whereupon, the taking of the deposition was concluded at 3:30 p.m.)

_____

Deponent

Subscribed and sworn to before me on this the ____ day of _____, 19____.

_____

Notary Public

GX-103

SUBJECT: Effect of New York Banks on CNB Market Area

TO : Bruce W. Taylor

FROM : William C. Peters

1. I visited the Westport, Darien, South Norwalk and New Canaan Offices to look over counter work and discuss the situation with the managers. The counter work revealed very little except that personal NY checks of the husband were deposited to a household account handled by the wife in many cases. Mr. DePalmer confirmed that this was the case, and repeated efforts to convert the husband's account have been unavailing, because the commuter husband keeps his account close to his place of work through necessity and for convenience. The two largest potential accounts in Westport were not lost to us through any effort exercised on them by NY banks, but through our own failure to handle them properly when we were afforded the opportunity. They are the Famous Artists School and Glendennon.

2. Darien and New Canaan were mirrors of Westport. The same situation exists in these towns concerning the influence of New York banks. Our main competition in all three towns comes from firmly entrenched, old time local banks that have either been merged with Fairfield County Trust or still independent (Westport Bank & Trust).

3. South Norwalk was somewhat different in that they claim that they do not feel any direct competition from NY banks. The large industries in town banking with New York will normally have their head office located in New York. Locally, they only do what ever financial business is necessary for their daily operations. For this business, we compete with the local banks.

4. Of all four towns, only one, New Canaan, indicated the existence of competition from New York against which we might compete. Mr. Canel indicated that he received a deal of competition on car loans.

5. Review of Clearings (dollar only)

Monthly Clearings for June 1968 were $243,127,701. Of this total, New York City, US Treasury and USPMO were 35%. Boston City and Country items were 10.2% and direct clearings with New Haven, Waterbury and Seymour in the First District consisted of an additional 11.7%. Direct clearings in Fairfield County in Bridgeport, Westport, Norwalk and Stamford consisted of 27.8%.

Clearings by District are as follows:

	Total Clearings for June 1968	Daily Average Cash Letter	Percent of Total
Boston	53,288,092	2,667,168	21.93
New York	163,457,048	8,172,846	67.21
Philadelphia	5,993,345	299,666	2.47
Cleveland	433,131	21,656	0.18
Richmond	518,399	25,919	0.21
Atlanta	—	—	—
Chicago	3,063,833	153,191	1.26
St. Louis	287,882	14,394	0.12
Minneapolis	—	—	—
Kansas City	—	—	—
Dallas	—	—	—
San Francisco	3,367,929	168,395	1.39
Misc. Transit	12,718,042	635,900	5.23
Totals	243,127,701	12,159,135	100.00

GX-104

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

Civil Action No. 14,583

UNITED STATES OF AMERICA and WILLIAM B. CAMP,
COMPTROLLER OF THE CURRENCY, INTERVENOR,
PLAINTIFFS

vs.

THE CONNECTICUT NATIONAL BANK and THE FIRST
NEW HAVEN NATIONAL BANK, DEFENDANTS

Deposition of WILLIAM S. KRAFCHIK, taken pursuant to the Federal Rules of Civil Procedure, at the United States Court House, Bridgeport, Connecticut, before Gerald Gale, a Notary Public in and for the State of Connecticut, on Thursday, July 20, 1972, at 10:00 a.m.

[3] WILLIAM S. KRAFCHIK, called as a witness, having first been duly sworn by Gerald Gale, a Notary Public in and for the State of Connecticut, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CLARK:

Q What is your position with Connecticut National Bank?

A Vice-president, Corporate Planning.

Q Would you describe for us your occupational background prior to coming to Connecticut National Bank?

A I have been in the banking business since 1960, ten years with First National City of New York and two with Connecticut National Bank.

Q What was the date of your employment with Connecticut National?

A April of 1970.

Q What duties did you have at First National City?

A A variety. Would you like a whole rundown?

Q Yes. You don't have to be too specific, but tell us generally.

A Start with the training program, a year and a half or so. About six years in branch management, a couple of years in [4] credit analysis, and the final year or two in the bank's consulting department.

* * * *

[20] Q Did the First National City—what type of customer did First National City call on or solicit outside of New York area?

A Corporate customers whose needs were exceeded by the capabilities of local banks.

Q They did not go along with corporate customers whose needs were not exceeded—

A No, they had a definite policy against that, because these banks were their customers—

Q They did not wish to alienate the correspondent banks which they served in these same local markets, is that correct?

[21] A I would say, yes.

* * * *

[36] Q Perhaps I can ask a more specific question. Item number two: geographic expansion. Did the bank have specific objectives as to geographical expansion?

A Not to my knowledge, no.

Q Since you have been with Connecticut National Bank, have you participated in formulation of such objectives as to geographic expansion?

A Exclusively in the context of the current consolidation.

Q Nothing other than the consolidation?

A No.

* * * *

[44] Would you explain what you mean by competitive pressures?

A The competitive pressures would be whatever developments pretty much necessitated our taking an acquisition action.

If I may be permitted to use that same example of Atlantic National Bank, we felt we had to be in the City

of Stamford. It's the most rapidly developing town in Fairfield County. At that point in time the Hartford banks were making overtures to the two or three local banks that were left in Stamford, and this is competitive pressure. We made a fundamental decision that we had to be in that town, we had to be represented there, and we had to judge the premium that was [45] involved in that light. This was the competitive pressure. These are the kinds of things that you have to take into consideration.

Q Would your term "industry trends" differ at all from competitive pressure?

A You are talking basically about the same thing.

* * * *

[46] Q Are you able to state, then, what the reasons were of top management for seeking this consolidation?

A Well, they have become known to me since that decision was made, of course, yes.

Q Would you tell us what they were?

A Well, we felt that the consolidation was the appropriate response for us and for First New Haven Bank to the competitive pressures that have developed in the State in the last three to five years.

Q Tell us what those competitive pressures are.

A They basically revolve around the fact that there is a widening spread between the presence of the two large Hartford banks and the medium sized banks in the rest of the State.

Q What banks are considered to be medium sized banks?

A Well, we have ourselves, City National Bank, Colonial, State National Bank.

Q Did you state there is a widening competitive pressure between these medium sized banks?

A I think in terms of market share, yes.

Q I don't understand. A share of what market?

A A share of banking resources in the State.

Q You state these medium sized banks are becoming [47] more competitive within the State?

A No, I am saying that the gap is widening between these banks as a group and the two Hartford banks.

Q How do you measure that gap, in terms of size of the banks or how?

A In several ways. Share of the market in deposits, assets, earnings, capital position.

Q What market now are you referring to?

A State of Connecticut.

Q How do you measure the share, what is the universe that you are taking?

A Assets of the whole State and state and national banks, all commercial banks in the State.

Q You have said that the two large Hartford banks are increasing their share vis-a-vis the medium sized banks?

A Yes, that's right.

Q Are there any other factors which relate to this gap which you say exists? What other factors relate to the gap between the medium sized and large banks?

MR. REYCRAFT: You mean what are the reasons for the gap?

A I don't understand the question.

[48] Q Let's go back to competitive pressure. The Hartford banks are growing, you say, vis-a-vis the medium sized banks in asset size?

A Yes.

Q What other competitive pressures exist which gave rise to this proposed consolidation?

A Well, I think to restate it again, the rapidly growing presence of the two major Hartford banks in our market has caused us to take a drastically different view of the structure of banking in the State. Ten years ago if you drew a diagonal from southeastern to northwestern Connecticut and then plotted the presence of the Hartford banks, they were in the northern quadrant or northern half. Over the northern half of that diagonal line. If you do it today, you will find that they have quite a considerable presence in the southwestern part of the State and this is where their effort has been in the last five or ten years. They have expanded quite dramatically through acquisition and branching acquisitions. New Haven, Stamford and Norwalk, as you know. It's a brand-new ballgame as far as banking in the State goes. We find our-

selves under considerable pressure to find a means to try and stay with them.

[49] Q Have you considered any other means other than this acquisition?

A Have I? No.

Q To your knowledge, has the bank?

A No, it hasn't.

Q Have you had any—in the course of your duties with Connecticut National, have you had occasion to evaluate the effectiveness of the de novo expansion of CNB, has this been part of your long-range planning?

A I have taken the position—I have not done specific number pushing on it—I have taken the personal position that in terms of return on investment the opportunities are nothing like they once were, referring specifically to the '50's and early '60's when we did do a lot of branch expanding. The opportunities just don't exist in the market place anymore. Any analysis you do of things like population per banking office, you start hunting around for towns in which you have relatively favorable numbers going in an attractive chance for success, they are hard to come by today.

Q You said that the opportunities don't exist in the market any more. What market are you referring to?

A I am referring to the market that we operate in now.

[50] Q Fairfield County?

A We operate, as you know, in Fairfield County, and to some extent in upper New Haven County, and we have one branch in Litchfield County.

Q What about the rest of the State?

A It hasn't been discussed, to my knowledge.

Q So you cannot say whether or not there are opportunities in Hartford or New Haven, for example, that would justify de novo expansion?

A Not to my immediate knowledge. I have done no studies on the rest of the State myself. That's branch location—branch location studies are not my job, anyway.

* * * *

GX-105

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

Civil Action No. 14,583

UNITED STATES OF AMERICA and WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, INTERVENOR, PLAINTIFFS

vs.

THE CONNECTICUT NATIONAL BANK and THE FIRST NEW HAVEN NATIONAL BANK, DEFENDANTS

Deposition of BRUCE W. TAYLOR, taken pursuant to the Federal Rules of Civil Procedure, at the United States Court House, Bridgeport, Connecticut, before Gerald Gale, a Notary Public in and for the State of Connecticut, on Thursday, July 20, 1972, at 2:00 p.m.

* * * *

[5] Q So, then, up until the reorganization you were in charge of the calling which was done on bank customers or potential bank customers, is that correct?

A Yes.

Q How many people did you have to do this calling?

A Eight people just prior to July. Eight calling officers. We had the bank divided into geographic areas and there was a man responsible for each geographic area.

Q Did these men operate out of the main office, all of them?

A No. Four did and the other four had offices in their geographic area.

Q Did they have other duties besides these calling?

A No, primarily calling on customers and potential customers.

Q Would you describe the eight geographic areas that were in existence?

A Bridgeport, Norwalk, Stamford, Danbury, Waterbury and the Valley, which constituted Ansonia, Derby, Milford, Orange.

Q What were the criteria behind the establishment of these eight regions, why were they separate regions?

A Primarily geographic determines because they are around [6] industrial cities, as you can see, so geogrpahic was the main factor of setting up in this order.

Q What were the responsibilities, then, for each calling officer, how was his territory defined? Was he responsible for making calls outside of the area to which he was assigned?

A No, his main responsibility was to call on accounts of the branches within his geographic area. That was his primary function—was to call on customers of the branches within his geographic area.

Q To go back to a number of years, I am told that you only named six. Let's see if we can get them again. Bridgeport, Norwalk, Stamford, Darien, Danbury—is Darien one?

A No, Bridgeport, Norwalk, Stamford, Danbury, Waterbury, the Valley. Then we have Bridgeport subdivided into three areas. East, west and north. The City of Bridgeport itself.

Q Is that just the city or were there surrounding towns that were part of the Bridgeport?

A The west side of Bridgeport had Fairfield annexed to it. The north side of Bridgeport had our Trumbull office annexed to it. The east part of Bridgeport had Stratford annexed to it, so actually, it was not just the geographic area of Bridgeport.

[7] Q What types of customers did these men call on?

A Primarily what we could classify as commercial customers, that is: checking account customers. The criteria was a certain minimum balance that they maintained with us as determining as to whether they were on a customer call program and in addition to that, of course, they called on noncustomers what we call prospects.

Q What was the cutoff to determine the size of the demand deposit balance?

A $10,000.00. It was five at one point, and then we increased it to ten.

Q When did you increase it?

A I would say about two years ago. I am not positive on that. We sort of increased it informally because of the numbers and then we formally cut it off, about two years ago.

Q What was the purpose of the call, then, to those customers who had balances of that size? What did the calling officer attempt to achieve?

A To enhance our—to see if we were serving our customers properly and to attempt to cross sell him other services. If he had a checking account with us only, attempt to sell him computer services, or see if we had—he had any loan needs or [8] any other service we might perform for him.

Q Did you attempt to differentiate between individuals and corporations?

A Yes. Primarily, it was corporations or business. We did not call on individuals. For example, if we had an attorney with a $50,000.00 account, we would not call on him. Professional people were not called on, just primarily business.

Q Why was that? Why did you not bother to call individuals?

A Mainly because the calling officers were involved with selling commercial type of business type service and, therefore, we didn't call on individuals as such.

Q How did you decide on the noncustomers that would be contacted?

A Through various sources or leads, if you will. We watched the newspapers for firms moving into the area, we subscribed to a Dunn and Bradstreet service, the F. W. Dodge reports, so that we knew who was building where. Branch managers would refer us to people: ABC Company is not our customer, I think they should, and just the general knowledge of the area by the calling officer himself.

Q Did you have any sort of upper limit on the size of the customer that you would call on, were you concerned with the very [9] largest customers or potential customers?

A No. Merely by the minimum balance figure, and then we just called on anyone from there on up.

Q Did you have any calling officer who was responsible for New Haven City, for example?

A No.

Q Why?

A Because the determination of the calling officer's area was purely geographic to the branches that we had. In the case of New Haven, he would call on the Orange and Milford customers, period.

Q Why was the factor of branch location important?

A Because our primary purpose in the calling program was to serve our existing customers first, and this is why it was used on a branch association basis.

Q With respect to the possible new business, however, you also felt that branch location was important?

A Yes, because of the growth of Fairfield County in which we were located, this more than kept us busy to call on first, our customers, and secondly, those businesses moving into our immediate area.

Q Did you send any of your calling officers to New York [10] City?

A Only if the—if a corporation headquarters was in New York and had established office or operation in our branch area.

* * * *

[13] Q Do you as vice-president in charge of marketing regularly keep track of the activities of the pricing and other activities of banks in your market area?

A Yes.

Q What factors do you look for to determine the type of competition other banks are offering your bank?

A By keeping abreast of other services, such as the service they are offering, the hours they are open, observe their branching activities. Those are factors that would affect our market or our share of the market.

Q So you keep track of demand deposit service charges?

A Yes.

Q Interest paid on savings and time accounts?

A Yes.

Q Office hours?

A Yes.

Q Are there any other factors?

A Types of service. If they are featuring a loan, what types of loan service, what types of savings instruments. Literally almost anything we can find out about them.

Q How do you decide what banks to watch?

A We actually watch all those banks in our primary [14] service area.

Q What is a primary service area?

A Our primary service area is obviously Fairfield County.

Q I have some of these charts that you made.

MR. CLARK: I will ask this be marked as Taylor Exhibit 1.

(Plaintiffs' Exhibit Taylor 1 was marked for Identification.)

Q As the title says—I don't think I read it—"CNB Market Area Service Charge Survey, February 22, 1972." How often do you make this service charge survey?

A We actually up date it concurrently. In other words, if there is a change in the newspaper about a new service charge, we will go and up date this, or if we hear from one of the calling officers or one of our branch people that so and so has changed their service charge, we will attempt to investigate and find out what the new rates are, and then we will up date this.

Q Is there any reason why the banks are listed in the order in which they are listed here, obviously CNB is first? Is there any reason why the other banks are listed in that order?

A No. I would say not. I would say this is just the way [15] the clerk actually listed the banks down. I would assume. I don't know of any other reason. I don't see any other pattern to it.

Q Who does the work on this type of survey? Do you do it or someone else?

A There is a clerk, a young lady.

Q How does she gain the information?

A Primarily, as I say, newspaper advertistment, feedback from branch managers or calling officers. Those are the primary sources.

Q Who decides what banks are to be included?
A These should include all the banks in our primary service area.
Q Do you make that decision?
A Yes.
Q So you would define that as being all the banks in Fairfield County?
A Yes.
Q I notice that you do have First New Haven, for example, and Second National and Orange?
A Yes, I just saw that.
Q Why?
[16] A Because of Milford, it's in New Haven County. Second National and First New Haven have offices in Milford and, of course, we do, and that's why.
Q Do you know if these banks vary their service charges from office to office?
A Not to my knowledge, I don't.
Q Does there—
A There are exceptions, but I don't know.
Q Does CNB?
A No.
MR. CLARK: Please mark this Taylor Exhibit 2, entitled: Saturday Banking Hours.

(Plaintiffs' Exhibit Taylor 2 was marked for Identification.)

Q Is this a similar study for Saturday banking hours?
A Yes. This is again keeping abreast of the hours of the competition.
Q Do you also up date this as required?
A Yes, we do.
Q Do you keep track of Saturday banking hours for any other banks other than these?
A No.
[17] Q Do you do so for the savings banks in the City?
A Yes, we do.
Q Do you have a separate sheet for them, or what?
A Yes, because I notice this as headed: Commercial. There should be one that says: Savings Banks.

• • • •

[26] Q This is a copy of a document we used yesterday with Mr. O'Shea.

MR. CLARK: I only have one.

MR. REYCRAFT: Okay.

Q Do you recognize that, Mr. Taylor?

A Yes.

Q Do you recall the meeting to which that refers?

A Yes. This top sheet is a marketing committee meeting notice change, apparently a change of time from March 24 to March 31.

Q Whose handwritten notes are those?

A These are mine.

Q On that page that you just turned to, I think, where you talk about branch expansion, I believe it is, is that the one, Page 3 or Page 4?

A Branch locations?

Q Yes.

A Yes.

Q Did you discuss those issues at that meeting?

A Yes, in a cursory manner insofar as the branch locations were concerned.

[27] Q Well, that last category, that list of locations, tell us what was discussed with relation to those locations?

A This actually, as I recall, was sort of a composite of ideas that we should be considering as a long-range marketing strategy, if you will, as to serving the market needs of our bank. I have services listed in here, additional markets such as Spanish speaking market, financial planning center, additional services, and the attempt of this together—was to get some long-range ideas on the table, if you will, for the committee.

Q Did you make that—the agenda—that is the agenda that you drew up?

A This is not an agenda. This is a meeting notice.

Q But the second page—

A This is a meeting notice and this is a document that I prepared for myself of ideas to draw in summary some of the things that we should be considering over a period of time.

Q Did you consider those branch locations at that meeting?

A Not in the sense of discussing them or considering them for application, because there is no other data available, as I notice up here in the right-hand corner, where I made some—I [28] made some pencil notes, written comments of factors that would have to be considered in our thinking about new office, and at this meeting in March, when this whole report was discussed, these factors were not available.

Q Would you read those factors for us, please?

A I say many factors enter into final branch locations. Demographic statistics, zoning, availability of sites, cost of sites, growth potential, highway construction plans, regional planning.

Q Have you made any studies since the meeting which incorporated those factors?

A No, I have not.

Q Was that the first time that you brought up for discussion branch location in some of those areas that are not located in Fairfield County?

A Yes. To my recollection, it is, yes.

Q Why did you decide at that time to do so?

A I was attempting for the first time to draw together a marketing plan, if you will, for the bank which, to my knowledge, had never been done before. Everybody —no one had really drawn this together, and this is why this is a composite of many factors and many items.

[29] Q Did you feel it was necessary in such a marketing plan to be represented in these areas that you have listed?

A Over a long period to time if we were going to continue to grow, yes.

• • • •

GX-166

C. ". B. M[illegible] AREA
SERVICE CHARGE SURVEY

FEBRUARY 22, 1972

BANK	MAINTENANCE	CHECK PAID	DEPOSIT ITEM	DEPOSIT FORM	BUSINESS LOANS
C. M. B.	R $1.50 P/A $200 m.b., under-$.15/ck.	$.07		$.03	$.35/$100 AAB
"over 65 free" "students free"					
CITY NATIONAL	R $1.50 S $3.00 flat charge P/A $200 m.b., under-$1.00/mo., plus $.10/ck.	$.08	$.10	$.03	$.30/$100 ACD
"over 65-free"					
STATE NATIONAL	R $1.50 ($2000 m.b. req.) S $.50 P/A $200 m.b., under-$.50/mo., plus $.10/ck. NO MIN. BAL. CASH RESERVE free when you qualify for $100 or more in reserve	$.08 $.10	$.08	$.03	--$.30/$100-AAB- 4/24/72 $.40/$100 AAB 80% Ledger Bal—
"over 60 free"					
ISRAEL TRUST	R $1.50 S $.50 P/A $200 Sav. Acct.	$.03 $.10		$.03	$.30/$100 AAB

1698

C. D. T.	R $100 and over avg. mo. bal.- $2.00/mo.		$.07			
				$999 or less-$.03 Over 5000- $.025		Rate of Earnings Credit is adjusted monthly based on "prevailing" money market rates (-25%rq.)
"over 65-free"	Under $100 avg. mo. bal.-$.50 $.10 P/A $300 m.b., under-$.50/mo., plus $.10/ck.			Same		H.R.M
HARTFORD NATIONAL	S $.25/mo. P/A $100 m.b.		$.10			
"over 65-free"	$200 a.b. or more-$1.00 $100 m.b. or more-$2.00 Below $100 m.b.- $3.00					
LAFAYETTE	R N/C		$.05	$.05	$.03	$.83/$100 AAB
"over 65-free"	P/A $200 AB, under-$.50/mo., plus $.10/ck.					
B. OF STRATFORD	R $.50		$.05	$.03		$.10/$100 AAB paid in premium $10 (-33% floor)
"over 65-free"	S N/C P/A $99 avg. mo. bal., under-$.50/mo., plus $.10/ck.		$.10			

(P-Personal, R-Regular (incl. Business), S-Special, P/A-Free Accounts, m.b.-Minimum balance, N/C-No Charge)

		MAINTENANCE	CHECK PAID	DEPOSITS	DEPOSIT ITEMS	EARNINGS CREDIT
WESTPORT B & T "students-free" "over 65-free"	R P/A	$.50 $300 m.b., under-$.35/mo., plus $.10/ck.	$.08	$.08		$.35/$100 AAB
WESTPORT NATIONAL "students-free"	R S P/A	$.75 $.50 $99 m.b., under-$.15/ck.	$.06 $.10		$.03	$.15/$100 AAB
MT. HANTS	R P/A	$300 m.b. req.-$1.00/mo. $500 m.b., under-$3.00 chg.	$.10			4 free cks. for every $100 above $300
FAIRFIELD CTY.NAT. "over 65-free"	R S P/A	$300 m.b.-N/C, below-$1.00 $.25/mo plus must purchase 25 cks at $.10 ea. = $2.75 tot. mo. chg. $100 m.b. or $100 Midas Sav. Acct., under-$3.00	$.08			$.40/$100 above $300
FIDELITY	R S P/A	under $300 ACB-$1.00 over " no maintenance $.25 $100 m.b., under-$3.00 chg.	$.07 $.07 $.10		1-5-N/C 6-1000-$.03 rem.-$.02	$.30/$100 AAB
FIRST STMFD B & T "over 65-free" "free students of customers"	R S P/A	N/C $.25/mo. $200 m.b., under-$1.00, under $100 m.b.-$2.00	$.05 $.10	$.03		$.40/$100 AAB

1700

DANBURY B & T	P/A	All checking free - personal and business - no min. bal. - no cash reserve req.					
COLONIAL B & T	R	$400 and over accts. with more than 25 cks. pd. or deposited-	$1.50	$.08		$.03	$.33/$100 AIB
		Bus. accts with less than 25 cks. pd. or deposited:					
		$0-99 AIB	$1.75	with 10 cks free and $.08 ea. add'l ck. paid			
		$100-199	$1.50	——————same——————			
		$200-299	$1.25	——————same——————			
		$300-399	$1.00	——————same——————			
	S	$.50		$.10			
"over 65-free"	P/A	$200 m.b., under-$2.00 chg.					
MATTATUCK B & T	R	$1.00		$.08	$.03		$.41/$100 AAB
"over 62 free"	P/A	$100 m.b., under-$.15/ck.					
FIRST NB: HAVEN	R	$1.50		$.08		$.03	$.38/$100 - 20% res.req.
	S	$.50		$.10			
"over 65-free"	P/A	$100 m.b., under-$3.00 chg.					
SECOND NATIONAL	R	$1.50	1-100-$.09,101-999-$.08,over 1000-$.06		$.15	1-100-$.04,rem-$.03	$.33/$100AAB -13% res.
	S	$.50		$.10			
"o.. 65-free"	P/A	$100 m.b., under-$3.00 chg.					
ORANGE NATIONAL	P/A	$100 m.b., under-$1.50/mo.					

(P-Personal, R-Regular (inc. Business), S-Special, P/A-Free Account, m.b.-minimum balance, N/C-No Charge)

GX-107

Saturday Banking Hours

Commercial:

1. City Trust [National] - Main Office closed.
   Some branches opened incl. - West Side,
   (2) Fairfield, Trumbull, Paradise Green Stamf.
   Milford, Wilton, Shelton, Ansonia + Stony Hill in
   Danbury area.
2. Fairfield County National Bank
   Main Office, Riga Office 9-12
3. Orange National Bank
   Orange, Derby, W. Haven Offices opened
4. Union Trust - Main Office closed
   Branches opened for month of June only
   (Closed for July + August) include:
   Danbury, New Canaan, Newtown, Bethel,
   Ridgefield)
5. Westport Bank and Trust
   Saturday 9-12 - Westport, Weston Center,
   Saugatuck
6. Westport National
   Saturday 9-12 - Colonial Green - Greens Farms
7. State National
   Closed on Saturdays during Summer (per Henry)
8. Waterbury National
   Closed on Saturdays (per Sue Grape)
9. Colonial Trust
   Closed on Saturdays (per Sue Grape)
10. Lafayette - Main Office closed
    Branches open till 12:00

11. Second National
Closed on Saturdays (per Asst Manager)
12. Fidelity Trust Co.
Main Office closed on Saturdays (per V.P.)
Branches open 9-12
13. Merchants Bank & Trust
Closed Saturdays (per Mr. Holt)
14. First New Haven
15. Hartford Nat'l - Open only in winter on
Closed in Summer.
16. Conn. Bk. & Trust
Closed on Sat.
17. Home National Bank (of Prospect)
Closed Saturdays
18. First Federal of Stamford (in New Canaan)
Closed Sat (per Mr. Canal)

19. Norwich Nat'l - Open Sat. til 12:00

GX-108

PLEASE NOTE DATE CHANGE

TO: MARKETING COMMITTEE MEMBERS

FROM: BRUCE W. TAYLOR, CHAIRMAN

The next Marketing Committee Meeting scheduled for March 24th has been changed to March 31st. Please change the date on your calendar.

An Agenda will be forwarded to you sometime before the scheduled meeting.

CONNECTICUT NATIONAL BANK

1972

MARKETING STRATEGY

MARKETING:

To seek out the customers and potential customers of C.N.B.,

To identify their needs

To attempt to satisfy these needs at a profit for C.N.B.

The Marketing Division's task is to assist you in promoting your division in any way possible....

We don't have all the answers but we are dedicated to enhancing the growth and profitability of C.N.B. ....

First, an overview to set the stage for some specific strategies:

FIRST AN OVERVIEW

WE WILL BE DISCUSSING EACH AREA WITH RESPECTIVE DIVISION HEAD AS TIME DICTATES.

TO SATISFY A

MORE YOUTHFUL...

MORE EDUCATED...

MORE AFFLUENT...

MORE MASS-CONSUMING MARKET...

AT A SATISFACTORY PROFIT FOR C.N.B....

WE MUST REALIZE THAT CERTAIN FACTORS, PREVIOUSLY PRESENT, WILL NOT BE AS PREVALENT IN THE FUTURE:

- RISING INTEREST RATES
- EXCESS LIQUIDITY
- FAVORABLE ACCOUNTING PRACTICES SUCH AS TAX SAVINGS ON SECURITY LOSSES, ETC. BAD LOAN CHARGE-OFFS, DIFFERENCE BOOK - UNITS-ODDS

THEREFORE:

WE MUST

- LOOK FOR, AND DEVISE MORE OPPORTUNISTIC LENDING AND INVESTMENT POLICIES (i.e. EQUIPMENT LEASING)
- RESEARCH AND DEVELOPMENT OF OTHER SOURCES OF INCOME
- RESEARCH AND DEVELOPMENT OF VEHICLES TO ENLARGE THE THE MARKET SCOPE OF C.N.B. (i.e. HOLDING COMPANY)
- ESTABLISH MORE BRANCH FACILITIES TO ENHANCE THE MARKET PENETRATION OF C.N.B.
- PLACE STRONG EMPHASIS ON ACQUISITION OF FUNDS—AS WELL AS UTILIZATION OF FUNDS
- EMPLOY CUSTOMER PROFILE AND MARKET SEGMENTATION CONCEPTS TO INSURE FULL UTILIZATION OF OUR MARKETING EFFORTS (BOTH TIME AND DOLLARS)
  - CORP VS RETAIL CALLING
  - COMMUNICATIONS (i.e. ADVERTISING)
  - "RIBLE" APPROACH VS SHOT GUN APPROACH

Now To Specifics For 1972 :-

BRANCH LOCATIONS - (NOT NECESSARILY IN THIS PRIORITY ORDER)

RELOCATE EXISTING OFFICES:

SOUTHBURY

CANDLEWOOD*

BETHEL*

BROOKFIELD

RIDGEFIELD

ENLARGE EXISTING OFFICES:

STRATFIELD

BETHEL** CANDLEWOOD*

ESTABLISH NEW OFFICES:

BETHEL - NORTH EAST QUADRANT

EASTON

BEACON FALLS

MIDDLEBURY

WILTON/WESTON

REDDING

BRIDGEPORT - UPPER PARK AVE., EAST MAIN ST./ HUNTINGTON ROAD

LEDYARD/NEW LONDON

NORTH BRANFORD/GUILFORD

MIDDLETOWN/CROMWELL

SIMSBURY/WEST HARTFORD

STRATFORD/SHELTON - RIVER ROAD/SIKORSKY AREA

MANY FACTORS ENTER INTO FINAL DECISIONS

- DEMOGRAPHIC & STATISTIC
- ZONING
- AVAILABILITY OF SITE
- COST OF SITE
- GROWTH POTENTIAL
- HIGHWAY CONSTRUCTION PLANS
- REGIONAL PLANNING

EXTENDED HOURS

WATERBURY OFFICE (INCLUDING MEADOW ST.)
CLOSE AT 6:00 P.M. THURSDAYS
(PRESENT HOURS 9:00 A.M. - 7:00 P.M. - THURSDAYS)

BRIDGEPORT - MAIN OFFICE
CLOSE AT 3:00 P.M. THURSDAYS
OPEN UNTIL 5:30 P.M. FRIDAYS

REVIEW TRAFFIC STUDIES IN JANUARY 1972

- BANK OF STRATFORD - DRIVE-IN - 7:30 A.M.-9:00 A.M.
- LAFAYETTE - N.E. - DRIVE-IN 7:30 A.M. - 9:00 A.M.
- WESTPORT NATIONAL - DRIVE-IN - 8:30 A.M.- 9:00 A.M.
  DRIVE-IN 3:00 P.M. - 5:00 P.M.
  DAILY

(MINIMAL TRAFFIC IN Sept 1971 ...

INCENTIVE PROGRAM

CONTINUE AS 1971. PROGRAM WITH FOLLOWING CHANGES:

- ENLARGE PRIZE CHOICE
- PERIODICALLY REVISE POINT VALUES TO CORRESPOND WITH MANAGEMENT COMMITTE THRUSTS. ~~WITH~~ UNIFIED ACTION

10/1/71 FIGURES:

NEW MONEY - DM/A 2,3MM
TIME 5,9MM

8,2MM

INSTALL. LOANS 4,9MM

825

SALES OPPOSITE BIDET
WITH GOOD RELATIONSHIP NEEDS (CALL CONTROL) 2,329
SIDE BENEFITS

- SELF TRAINING OF EMPLOYEES ON KNOWLEDGE OF SERVICES
- EXPERTISE ON CROSS-SELLING
- MORE AWARE EMPLOYEES
- & IMPROVED CUSTOMER RELATIONS

- VOLUME & INTEREST HAS BEEN SUSTAINED
- LOW COST PER $ ACQUIRED — COST (ABOUT 1% NOT COUNTING T/P INTER.

SURE/SAVE PROGRAM

WHY PEOPLE SAVE:

RETIREMENT
EDUCATION
ILLNESS
TRAVEL
UNEMPLOYMENT
OWN BUSINESS
BUY HOME

BUYING OF A DOLLAR GOAL:

- PSYCHOLOGICAL DEBT INSTRUMENT
- GROUP LIFE AND DISABILITY GUARANTEE
- SYSTEMATIC SAVINGS

SURE/SAVE PROGRAM IS FOR:

- PEOPLE WHO WANT TO REACH A SPECIFIC GOAL
- PEOPLE WHO CAN AND WILL COMMIT A PORTION OF THEIR DISCRETIONARY INCOME TO REACH THEIR GOAL.
- PEOPLE WHO DESIRE TO INSURE THE REACHING OF THEIR GOAL.

ASSIST IN MAINTAINING AND INCREASING NEEDED TIME SHARE FOR MSF USE

SIMULATION RUN NOW BEING MADE. TO DETERMINE EXPECTATIONS & PROFITABILITY

ALL PURPOSE "CLUB" ACCOUNT

USE PRE-PRINTED COUPON BOOK

CUSTOMER WOULD ESTABLISH OWN COMPLETION DATE

CHECKS WOULD BE ISSUED AT COMPLETION DATE

AUTOMATIC ISSUANCE OF NEW BOOK ONE MONTH PRIOR TO COMPLETION DATE OF EXISTING CLUB.

INTEREST WOULD BE PAID (RATHER THAN FINAL PAYMENT) IF CLUB IS COMPLETED SATISFACTORILY.

Consistent Requests for Multi-Purpose Club Accts.
Conn. Sav. Plan

Assist in maintaining and increasing
In-Flow of Time Money.

SPANISH SPEAKING MARKET PENETRATION

HIRING OF BI-LINGUAL PERSONNEL (T/P DEPT CANNOT IN S/S MKT AREA BUT CAN/CONTROL OVR)

OFFER FINANCIAL ASSISTANCE (COUNSELING AND LOANS)

ADVERTISE IN SPANISH MEDIA (RADIO AND NEWSPAPERS)

INDOCTRINATION OF CERTAIN C.N.B. EMPLOYEES ON SPANISH MORES.

PRINTING OF CERTAIN LOBBY SIGNS AND EXTERNAL FORMS IN SPANISH.

70% Spanish Speaking People in our Mkt Area
(Dpt Alone 5%o - 1960
18%o - 1970)

Not just Lip-Service,

But Positive Action

Is Necessary for Corp Image
and Social Responsibility

FINANCIAL PLANNING CENTER

TASK FORCE TO RESEARCH :

THIS CENTER WOULD CULTIVATE:

- YOUTH MARKET (CNB BUSINESS OF THE FUTURE)
  - HIGH SCHOOL SENIORS
  - COLLEGE STUDENTS
  - NEWLY MARRIED COUPLES
- RETIREMENT MARKET
  - PEOPLE APPROACHING EARLY RETIREMENTSAGES
  - ESTABLISH AND USE OF RETIREMENT FUNDS
  - USE OF LEISURE TIME
- MINORITIES MARKET
  - DEVELOPE RAPPORT WITH THESE GROUPS
  - PROVIDE FINANCIAL COUNSELING AND TRAINING
  - DEVELOPE AWARENESS OF THEIR SOCIAL RESPONSIBILITY AS WELL AS THE SOCIAL RESPONSIBILITY OF C.N.B.

BUDGETING - FAMILY FINANCIAL OBJECTIVES - PLAN SAVINGS PROGRAMS - COUNSELING

FULL SERVICE CONCEPT -
- SAVINGS BONDS
- STOCKS & BONDS
- INSURANCE COMPANIES.

ONE STATEMENT BANKING

ESTABLISH TASK FORCE TO:

RESEARCH AND DEVELOPE THIS CONCEPT So AS TO BE OF ADVANTAGE TO : CUSTOMER AND TO C.N.B

MARKET IMPLICATIONS OF ONE STATEMENT BANKING:

INCREASE NUMBER OF CHECKING ACCOUNTS

INCREASE NUMBER OF SAVINGS ACCOUNTS

RETAIN EXISTING ACCOUNTS

INCREASE NUMBER OF PROFITABLE INSTALLMENT LOANS

INCREASE CONVENIENCE AND REDUCE COST OF INTERNAL TRANSFERS

PROVIDE FOUNDATION FOR CROSS-SELLING ALL BANK SERVICES

CONSOLIDATE INDIVIDUAL CUSTOMER'S BUSINESS

INTO ONE ACCOUNT (REALIZE POSTAGE COST SAVINGS)

I WOULD WELCOME COMMENTS OR QUESTIONS NOW OR AT SUBSEQUENT SESSIONS WITH INDIVIDUAL DIVISION HEADS.

~~AS A PRELIMINARY DIRECTION:~~ —

THE MARKETING DIVISION IS A TECHNICAL SUPPORT GROUP ...

OUR TASK IS TO ASSIST YOU IN PROMOTING YOUR DIVISION, IN ANY WAY POSSIBLE ... WE DON'T HAVE ALL THE ANSWERS BUT WE ARE DEDICATED TO ENHANCING THE GROWTH AND PROFITABILITY OF C.N.B.

GX-109

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

Civil Action No. 14,583

UNITED STATES OF AMERICA and WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, INTERVENOR, PLAINTIFFS

vs.

THE CONNECTICUT NATIONAL BANK and THE FIRST NEW HAVEN NATIONAL BANK, DEFENDANTS

Deposition of JOHN WARNER FIELD, taken pursuant to the Federal Rules of Civil Procedure, at the United States Court House, Bridgeport, Connecticut, before Gerald Gale, a Notary Public in and for the State of Connecticut, on Wednesday, July 19, 1972, at 2:00 p.m.

[3] JOHN WARNER FIELD, called as a witness, having first been duly sworn by Gerald Gale, a Notary Public in and for the State of Connecticut, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CLARK:

Q What is your occupation, Mr. Field?
A I am President of Warneco, Incorporated.
Q How long have you held that position?
A 14 years.
Q Would you describe the business of Warneco?
A Warneco is a diversified company in apparel, retailing and packaging with sales of approximately $300 million listed on the New York Stock Exchange.
Q Would you describe the history of Warneco, when it was formed and how it has grown over the years and your role in that process?

A Warneco, it's original name was Warner Brothers Company. Warner Brothers Company will be 100 years old in 1974. It was founded in 1874 in McGraw, New York as a company to make corsets for ladies. It had a long and illustrious history, and in the course of business, the girdle and bra business, became [4] one of the leaders in that industry until about 1960 when we diversified out of that business into a variety of other apparel businesses, entering retailing along the way until today our original business comprises about 15% of our volume and these related businesses, which are such areas as men's and women's sportswear, camping equipment, water sports equipment, men's shirts, women's dresses, packaging, retailing, et cetera.

Q Where is the corporation headquartered?

A Here in Bridgeport.

Q How long has the corporation been headquartered in Bridgeport?

A I think it came to Bridgeport two years after it was founded, from McGraw, so that would be approximately 1876. I think we can lay claim to being one of the older Bridgeport companies.

Q Where else does the corporation have places of business, either manufacturing operations, retailing and so forth?

A Literally dozens, virtually hundreds of places. Our principal headquarters of our major divisions are in places like Portland, Oregon, Waterville, New York, Altoona, Pennsylvania, Los Angeles, California. Our largest division today is our White Stag Division with headquarters in Portland, Oregon. [5] We have probably 40 or 50 plants here, in this country, Puerto Rico and abroad. Is that sufficient?

Q Yes. Would you describe generally the banking connection which Warneco has, how many banks it deals with and where they are located?

A Our principal banks are so-called two lead banks that we deal with on a first basis—are the Morgan Guaranty Bank of New York and the First National Bank of Boston. We have approximately—a little over $40 million, for instance, in short-term bank lines and we

utilize some 14 or 15 banks in total for these purposes. These consist of banks in New York, Chicago, Boston, San Francisco, Atlanta, New Orleans, et cetera.

Q Why does your company do business with these banks all over the country?

A We feel—being a national company, we feel we should do business with national representative banks. We have acquired many companies who have particular banking associations in particular local areas that we desire to continue the relationship between the acquired company and the local banks that we did business with. It's been good for the company to have banking associates in the major financial areas of the country we deal. We have also needed the various [6] bank lines.

Q You had mentioned your short-term bank financing of approximately $40 million. What other bank services do you use, deposit services, I assume?

A We use deposit services of the banks in moving money, make money available in one place or another. We use the banks in many advisory capacities in working with them on various economic developments. They also help us in our basic business decisions, bring desirable acquisitions to our attention in many cases and provide us with professional knowledge that we don't think we could get other ways.

Q Does Warneco do business with Connecticut National Bank?

A Yes.

Q What service does it obtain from CNB?

A Connecticut National Bank, we have a deposit account there. I believe we have substantial part of our local payroll is in the Connecticut National Bank. We have one of our pension funds in the trust department of The Connecticut National Bank.

Q Is that pension fund related to the operations here in Bridgeport?

[7] A No, not necessarily. It started many years ago when we were just a local company and it does include the division that started here, but to it we have added some money that has come from other divisions. In addition, we have a current borrowing line of $2,200,000.00,

I believe it is, from The Connecticut National Bank.

I am trying to think of what other services. I guess that's about it, really.

Q Do you deal with either Hartford National Bank or Connecticut Bank and Trust?

A No.

Q Have you considered doing business with them?

A There has been no occasion, really, to do business with them.

Q Have they come to you and solicited your business that you know of?

A I have not talked specifically with any of them about our business. I know they regularly call on our treasurer.

Q Then, I assume it's the case, then, that you have not felt the need to do business with these banks?

A I have not felt the need to do business with Hartford banks.

[8] Q Do you deal with any other banks in Connecticut?

A Yes, we deal with the City National Bank here in Bridgeport on much the same basis as The Connecticut National Bank. In other words, we have three pension funds that we operate. One is operated by Connecticut National, one by City National and one by an investment banking firm in San Francisco, and City National holds one of our pension funds.

We also have a payroll account there, and we do business with them on pretty much the same basis that we do business with The Connecticut National.

Q You do not deal with any banks located in New Haven?

A No.

Q Or headquartered in New Haven?

A No.

Q Do you deal with the Union Trust Company?

A No.

Q Mr. Field, would you describe what effect, if any, the proposed consolidation would have upon Warneco and the banking needs that it has?

A Obviously, with the banking needs that we have in a fairly large corporation, the two local banks here are not in a position to supply us with a major part of our needs, so that we [9] are required to go to the major banking centers, financial centers, to get the resources that we need to finance the company.

I feel from a personal point of view that it would be advantageous to Warneco to be able to get a larger part of its requirements locally which is impossible at the moment.

Q You are speaking of your loan requirements?

A I am speaking basically of the loan requirements, yes.

Q Then you would borrow more from the resulting bank than you are borrowing now from The Connecticut National?

A Yes.

Q Would you borrow as much as their loan limit would permit?

A We have always borrowed whatever their loan limit is, and I assume we would continue to do so unless it got to be larger than we needed.

Q Have you considered the possibility of using other services of the consolidated bank that you are not now obtaining from Connecticut National?

A I don't know what services those would be that be of use. If you could be more specific, I could probably tell you whether we would be interested in them or not. [10] Q At least at this point there are none which you can think of—

A I can't think of any. From time to time we refer some of our people that are moving into the area to the bank to suggest that maybe the bank would help them out with a mortgage or something of that sort, but we do that with all the local banks, including the People's, Mutual Savings Bank.

Q Would the consolidation cause you to change any of your other banking affiliations which you have throughout the country?

A I don't really think so.

Q As of the present, is Warneco lacking any banking service which it requires?

A We are lacking on a local basis some services that I mentioned, particularly in the size of the lines, but we are not on a national basis. I couldn't say that we as a company were being hurt by lacking any services. We get in New York and Boston what we need.

Q You would prefer, however, to deal as much as you can locally, is that correct?

A Yes. I feel that it would be helpful to us to have greater resources local.

[11] Q Why would that be so?

A Because a sense of home town pride, a sense of—I am talking now purely as a representative of Warneco, not as—simply that we have developed an association with our local banks over a period of years and we like to give them as much business, really, as we can. It means perhaps a lot more to them than it does to the big New York and Boston banks.

* * * *

[26] Q Has the subject of the state wide banking structure ever been discussed in board of directors meetings?

A Yes, it's been discussed at the board of directors. It's been discussed in terms of our competitive position, and the need for us to have the size, the need for us to have the muscle to compete.

Q To compete state wide?

A To compete not necessarily state wide, but to compete in our own areas.

Q Has the issue of the advisibility of expansion throughout that State ever come before the board of directors?

A I never remember any discussion that The Connecticut National Bank would expand throughout the State coming to the [27] board of directors.

Q Have you discussed the advisibility of such expansion should you be permitted to merge with First New Haven National Bank?

A No.

Q Have you had discussions generally about expansion in any part of the State rather than throughout the whole State, for example, Hartford?

A No.

MR. BOYER: In order to clarify this, are you speaking with or without the consolidation, because I think it's hard for the witness to follow your train of thought here. They are quite different, aren't they?

MR. CLARK: Obviously.

MR. BOYER: Could you clarify which one you mean?

Q Without the consolidation, has there been discussion of expansion to Hartford?

A We have not discussed at the board meeting, to my memory, what we would do if the merger with The New Haven Bank does not go through.

Q As a long time member of the board, what would your best [28] opinion be as to what the bank would do?

MR. BOYER: You mean with or without the consolidation?

MR. CLARK: Without the consolidation.

THE WITNESS: Without the consolidation.

MR. BOYER: Do you mean with respect to Hartford, or generally?

MR. CLARK: Generally.

A I would like to qualify my answer by saying that in the first place I have been chairman for the bank for a relatively short period of time. My ideas might or might not at this point coincide with the management's ideas, so that I am in no position to speak for the management of the bank. However, I basically am a competitive person, and having built a business of our own, a fairly large business, I would certainly want to explore the various avenues that would be necessary to preserve and enhance the competitive strength of The Connecticut National Bank, and within whatever legal limit where possible I think we should take whatever steps we could to retain our competitive strength, vis-a-vis the other larger banks in the State.

Q Would that include expansion into other significant economic areas in the State?

[29] A Speaking only for myself, it's certainly something that I would want the bank to explore.

* * * *

GX-110

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

Civil Action No. 14,583

UNITED STATES OF AMERICA and WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, INTERVENOR, PLAINTIFFS

vs.

THE CONNECTICUT NATIONAL BANK and THE FIRST NEW HAVEN NATIONAL BANK, DEFENDANTS

Deposition of JAMES TERZAKIS, taken pursuant to the Federal Rules of Civil Procedure, at the United States Court House, New Haven, Connecticut, before Gerald Gale, a Notary Public in and for the State of Connecticut, on Tuesday, July 18, 1972, at 1:30 p.m.

• • • • •

[14] Q Can you sketch for us the manner in which a particular market study of an area is conducted, what factors you consider?

A Well, basically when I look at a particular town some of the things that I think are particularly important are—the people that live there, what have been the population trends in the past, what are the—what are they likely to be in the future. I try to get—I am an economist. I don't make forecasts on population growth, so I try to use other agencies, studies that might be in the area regarding population forecasts. Population certainly is important. The growth of the area is very important. How fast it is growing. As you know, certain towns grow faster than others. Some towns are residential, [15] thinly populated, other towns are relatively mature and have reached their potential in terms of growing capacity, so I think the rate of growth is extremely important.

The level of family income is very important because the level of family income affects the average account size

for particular types of services. I look at the extent of the commercial concentration, the extent of the industrial concentration, employee patterns, communicating trends. I usually look to see if there is a focal point for a commercial area, this type of thing. These are essentially factors that you look at, and also, of course, the extent of competition, number of commercial banks, who they are, the number of savings banks, the number of savings and loans.

We also have to compile data on a number of credit union and finance companies as well. I think it's important to know who the banks are who are already in there, whether a small bank or a large bank and what type of facilities, do they have parking, drive up, when are they open, and this type of thing. That's essentially it.

Q To go one step on that same topic, one step further, is other bank expansion in a given area important to you in evaluating the attractiveness of a given area?

[16] A What other banks do, is that what you mean?

Q What other banks are expanding or within the area or entering the area?

A Yes, that's important, sure. Surely.

Q Does that tend to show that an area is attractive for purposes of evaluating entry by your bank?

A Not necessarily, because there are some competitive banks that have made some moves on new locations that I cannot for the life of me understand why they did it, and I think it's actually each person's individual decision. There are some cases that some areas may be attractive, other where I can't for the life of me figure out competitive move in terms of new locations.

Q Is that a competitive move in terms of the overall economic attractiveness of the area as you sit here in terms of the—

A That's part of it. But I think it's also—I look at an area and see one or two competitors come in and I know there are six or seven in there, and my own mind, I feel that a particular area or town may be heavily overbanked and yet more competitors are coming in, and I can't for the life of me understand why.

Q Would you suppose that their reason for entering might be other than for an economic reason?

A I can't say.

MR. REYCRAFT: This is speculation.

A I can't say.

Q You mentioned that you rely on other studies, particularly studies which deal with population trends?

A Yes. Well, the Connecticut Development Commission puts out annually a market data book, and they cover the whole economic range of factors, population, housing starts, and they usually—trends 1950, 1960, 1970, based on census data, number of motor vehicles registered, retail sales. It's basically all economic data, it's a fairly thick book, and they publish it annually and it's distributed to whoever wants it at $2.00 a copy. That's a very handy compendium of what's going on in the State.

Q Have you occasionally sought information from the Southern New England Telephone Company?

A Yes.

Q Do they conduct population studies?

A They conduct—I am not totally familiar with everything they do, but they conduct planning studies looking [18] towards the growth of a particular area, so they can make projections as to how many telephones, for example, may be needed in a particular town, and I think they recognize, as I do, that certain towns grow faster than others, and they make these studies for their own purposes, so they can anticipate what their service requirements are going to be.

Q Do they make those studies for a long period of time, in other words, do they project them well into the future?

A I know it's at least five years. It may be ten. I don't think it's anything longer than that. If you get beyond ten, it's pretty speculative.

Q Have you generally found their data and studies to be reliable for purposes of evaluating market growth?

A They are—I would say their studies are pretty much on target as well as any forecast can be with one rule of caution is that they go by telephone districts which are not—do not conform necessarily to town lines, so

when they make projections for a particular area, it's a telephone district and not necessarily a town, so I would have no way of comparing their service area as is a particular town. They don't conform to town boundaries.

Q Does it give you a pretty good idea of expected [19] population growth within an area which would include a town?

A It gives a handle.

Q Is the Regional Planning Agency of Southeastern Connecticut another source of market data?

A Yes, it is.

Q Can you tell us what sort of information you receive or seek from them or rely upon from the planning agency?

A Well, what they do essentially is they are regional planners and they take an aggregation of towns, I think that they have about 14 south central regions, and they do intensive land use studies. They use the aerial photographs and this type of thing, and they essentially take data and they have access to the 1970 census data, they collect that extensively, and they make projections of likely events in the area of regional planning, and they make presentations to town officials and recommendations to what individual towns should be looking at commercial concentrations, industrial concentrations, open space and this type of thing.

Q Are their studies projected well into the future?

A They make some population projections which I think are quite good, quite accurate.

[20] Q Is it true that you have relied upon their—or drawn heavily from their plans for use in evaluating markets for purposes of bank expansion?

A Yes.

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1726

GX-111

Form 1008
TREASURY DEPARTMENT
Office of the Comptroller of the Currency
November 1966

APPLICATION OF

First New Haven National Bank (Name of Bank) New Haven (County) Conn. (State) Charter No. 2

FOR PERMISSION TO ESTABLISH A BRANCH

COMPTROLLER OF THE CURRENCY
Washington 25, D. C.

SIR:

Application is hereby made for permission to establish a branch of this bank at the following location:

Street Address Within Barnes Shopping Center, located at N. E. corner of Route #5 and Route #68 (Barnes Rd.) | City or Town Wallingford (Population 33,000) | County New Haven

A certified copy of a resolution of the bank's board of directors authorizing the filing of the aforesaid application is enclosed. A current statement of condition of this bank and a copy of the pertinent State statutes reflecting whether a State bank could be authorized to establish a branch in the location applied for are also enclosed.

The area to be served by the proposed branch has an estimated population of
The following are the banking units now operating nearest to the location of the proposed branch:

Name of Bank	Head Office or Branch	Street Address	Distance From Location of Proposed Branch
SEE ATTACHED LIST			

The following is a brief summary of the board's reasons for believing that establishment of the branch would be in the interests of the bank. The First New Haven National Bank has no branches in Wallingford. This bank has numerous large commercial and individual accounts in the Town. The nearest branch of this bank to serve these customers is in Hamden, about 7 miles distant. Moreover, the Town is growing substantially in population and its labor force, already one of the largest in the southcentral region, is showing comparable growth.

Additional details concerning the proposal may be obtained by communicating with

James J. Terzakis (Name), Research Director (Title), (Telephone No. 497-2983).

It is understood that the cost of any necessary investigation in relation to the application will be borne by this bank.

Date July 14, 1967

Senior Vice President & Cashier

SEE REVERSE FOR INSTRUCTIONS

SUMMARY OF INFORMATION TO BE SUBMITTED TO THE REGIONAL ADMINISTRATOR OF NATIONAL BANKS WITHIN 30 DAYS AFTER THE FILING OF AN APPLICATION TO ESTABLISH A BRANCH

RE: Proposed branch of The First New Haven National Bank, Barnes Shopping Center, Wallingford, Connecticut.

1. Barnes Shopping Center, northeast corner of Route 5 (North Colony Road) and Route 68 (Barnes Road) in the Town of Wallingford, New Haven County, State of Connecticut.

2. Population of New Haven, Connecticut, the Head Office city, as of Census of 1950 was 164,443; as of Census of 1960 it was 152,048 and present estimate is 148,200.

3. Population of Wallingford, Connecticut as of Census of 1950 was 16,976; as of Census of 1960 it was 29,920; present estimate is 33,200.

4. (a) Estimated population (resident) of the service area is 5150. In addition there are an estimated 1050 employees in 27 manufacturing firms within the trading area making a total of 6200 people.

   (b) This area extends from the proposed branch location approximately 1.4 miles north (to Meriden town line); 4.4 miles east (to Durham line); 1.4 miles south (to Maplewood Avenue); and 2.4 miles west (to Cheshire line).

5. Regular and Special Checking Accounts
Full Service Savings Accounts
Charge Account Plan
Commercial Loans
Instalment Loans
Personal Loans
Automobile Loans
Property Improvement Loans
Mortgage Loans
Education Loans
Collateral Loans
Small Business Loans
Certificates of Deposit
Personal Money Orders
Cashier's Checks
Foreign Exchange Service
Travelers Checks
Letters of Credit
Night Depository
On-the-Job Banking

Complete Trust services will be available to customers of the branch through the facilities of the Trust Department in the Head Office.

The market study points to the fact that a real opportunity exists to serve the rapidly growing northern end of the Town. The one outstanding fact emerging from this

study is that the Route 5 - Barnes Road area will soon become one of the most highly viable areas within the mid-state region.

Wallingford already possesses an excellent balance among its commercial, industrial and residential components. The Town now has the fourth largest manufacturing employment among the 15 towns within the South Central Planning Region.

In only the last two years, 1900 new employees were added to the employed labor force. The last five years have revealed an average annual increase in total employment of 605 people.

Moreover, the full development of the Barnes Industrial Park will mean the addition of more than 1600 new employees to the Town and The First New Haven National Bank would be in the most advantageous geographic position to serve them.

The Connecticut Research Center, when fully developed, will entail a whopping increment of more than 15,000 new employees, many of whom will be professional and salaried employees with incomes ranging from perhaps $10,000 to $25,000 annually.

As opposed to a branch location in the Center of town where traffic is heavy and congested and travel inconvenient, the Barnes Road - Route 5 area is highly accessible and the branch would be in an excellent position to draw from areas

expected to show the highest growth rates.

The First New Haven has no branches in Wallingford or nearby to serve its customers who represent $441,800 in deposits and $1,542,000 in loans. The nearest branch of this bank to the proposed Barnes Road location is in Hamden precisely 10.5 miles distant and requires 13 minutes travel time.

In addition to the factors noted above, a branch of this bank located in Wallingford would serve another important function.

At present, this bank acts as the Depository for the large coin operation of the Southern New England Telephone Company, a highly valued customer that maintains balances in the seven figures. The details of this service are as follows:

Each day telephone company personnel collect coin from all telephone booths and other pay stations throughout the State and assemble these funds at the firm's vault on Morse Street in Hamden. This money is then separated by their personnel, counted, bagged, tagged and addressed to the Federal Reserve Bank of Boston for shipment. However, since the company does not want to store such funds overnight, it is shipped daily by Brink's Service to our Main Office where it is deposited for credit the same day and processed further for later shipment to the Fed. The telephone company insists that the deposit credit be made the same day. This is a

$12 million dollar operation on an annual basis and it is growing rapidly. An average of 55 coin bags containing approximately $40,000 is handled daily.

These funds are this bank's principal source of daily coin requirements for all our offices. It is also an important source of coin for the Boston Fed which receives an average of $125,000 weekly and which in turn meets the coin requirements of other banks within District 1. During the acute coin shortage of 1963 and 1964 when the Fed received only limited coin from the mint, this bank supplied much of the coin requirements for banks in this state as well as for out-of-state banks, such as the National Shawmut of Boston and Irving Trust and Morgan Guaranty of New York. Now, however, with coins somewhat more plentiful, this bank is one of the Fed's largest sources of coin supply from the greater New Haven area.

The problem of continuing this operation is essentially this. The company will relocate its vault from Hamden to a new location at 1441 North Colony Road in Meriden sometime in September, 1967. We understand there are no banks in Meriden with vault facilities and coin machines to adequately handle this heavy coin volume. This new location will mean a further delay in shipping the coin from Meriden to the Main Office in New Haven. The shipments are

made in the late afternoon and it places a burden and a security problem on this bank to keep the vault open with a standby crew until late in the afternoon. It would be substantially more convenient if a branch of this bank were allowed in Wallingford to perform the storage function for this coin. If the proposed branch is denied, the possibility exists that this bank could lose its depository function. It would also mean that this bank would on occasion have to purchase coin from the Fed and that our branches in the interim could run coin shortages. Hence, approval of a branch in Wallingford would entail important convenience and security factors in continuing this service.

6. The distance and geographical direction of the Head Office from the proposed branch is 17.1 miles southwest and requires 19 minutes travel time..

7. This bank has no other branches in Wallingford. Geographical barriers are discussed under item 14-D.

8. No competitive banks or branches within the proposed service area. However, the following Wallingford banks and branches are located outside the proposed service area.

9. Duplicate maps provided herewith. Date of aerial photographs, August 2, 1967. The expected service area is outlined on the maps and on the aerial photographs.

10.

Name and Address	Date Est.	Total Deposits	Loans	Distance by Road Mileage and Direction from Proposed Branch
The Union and New Haven Trust Company		(As of June 30, 1967) $104,423,962 (Consolidated)	$ 75,374,597	
Blue Marker #1 86 North Main Street	1962			2.7 miles south 6 minutes
(Formerly the First National Bank of Wallingford, 9 North Main Street. Acquisition effective April 16, 1956)				
Blue Marker #2 670 North Colony Road	May 6, 1963			1.1 miles south, 2 minutes
Blue Marker #3 The Connecticut Bank and Trust Company 100 Center Street	1962	(As of June 30,1967) $662,713,193 (Consolidated)	$393,615,993	2.4 miles south, 6 minutes
(Formerly the Wallingford Bank and Trust Company, Established in 1916. Acquisition effective August 27, 1962)				
Blue Marker #4 The Home National Bank and Trust Company Of Meriden 123 Quinnipiac Street	1965	(As of June 30,1967) $ 33,296,051 (Consolidated)	$ 25,009,684	2.4 miles south 6 minutes

Name and Address	Date Est.	Total Deposits	Loans	Distance by Road Mileage and Direction from Proposed Branch
Blue Marker 65 The Colonial Bank and Trust Company Toll Gate Plaza North Turnpike Road	June 19, 1965	(As of March 31, 1967) $150,004,810 (Consolidated)	$104,317,292	2.6 miles sw, 5 minutes

(Formerly The Puritan Bank and Trust Company, Meriden, which merged with and into the Colonial Bank and Trust Company, Waterbury, effective as of the close of business December 2, 1966.)

Name and Address	Date Est.	Total Share Accounts	Loans	Distance by Road Mileage and Direction from Proposed Branch
Within the proposed service area				
Purple Marker #8 Meriden Permanent Savings and Loan Association	August 11, 1960	(As of March 31,1967) $ 27,805,698 (Consolidated)	$ 26,438,755	1.0 mile north, 2 minutes
Outside the proposed service area				
Purple Marker #7 First Federal Savings and Loan Association of Meriden 64 South Main Street	1959	(As of June 30, 1967) $ 39,473,330 (Consolidated)	$ 37,391,057	2.8 miles south, 7 minutes
(The Wallingford Savings and Loan Association, established in 1928, converted to a federal charter on June 15, 1959, under the name of the First Federal Savings and Loan Association of Wallingford, and is now operating as a branch of the First Federal Savings and Loan Association of Meriden.)				
Green Marker #6 Dime Savings Bank 2 North Main Street	1871	(As of January 31, 1967) $ 26,478,184 (Consolidated)	$ 24,730,026	2.7 miles south, 6 minutes

11. There are no credit unions, finance companies or insurance companies granting loans located within the proposed service area. However, for the entire town of Wallingford the picture is as follows:

	Three Years Ago	Present Time
Credit Unions	6	6
Finance Companies	4	4
Insurance Companies	0	0
Savings and Loan Associations	2	2
Mutual Savings Banks	1	1
State Banks and Trust Companies	2	3
National Banks	0	1

12. Only the Meriden Permanent Savings and Loan Association offers competition within the proposed service area. This competition would be principally for savings funds and mortgage loans. All other financial institutions are located near or in the center of Town.

The absence of any significant bank competition in the Northern part of Town, coupled with the fast residential, commercial and industrial growth projected for this area makes the proposed location extremely attractive. The center of Town appears to be adequately banked and this fact, in combination with the expected urban renewal action to be undertaken in the Center and along Route 5, is additional evidence of the attractiveness of the proposed location.

13. Market survey enclosed.

14. A. Wallingford and the area to be served have an excellent balance among its residential, commercial and industrial components. Regarding the residential segment, the bulk of new home construction has occurred north of the New York-New Haven and Hartford Railroad. Only in the Quigley Road, Patton and King Road area in south Wallingford are new homes evident.

We have observed some 23 residential subdivisions or areas where new or relatively new homes have been built. Some of the better and higher priced homes can be observed off Ward Street Extension in the Bayberry Drive and Holly Lane area; at Old Gate Road; at Bruce Road and Alison Avenue; at Jones and Mansion Roads; at North Farms Road and Jeffrey Drive; at South Airline Road and Croydon Court.

Other new homes can be seen off Long Hill Road at Brian Road and around Concord Lane; at North Field Road and South Side Court; at Clintonville Road and Edgerton Drive; at Thorpe Lane off Barnes Road; and off Parker Farms Road between Mohawk Drive and Osage Drive. There are other residential areas as well.

The area south and southeast of the railroad is open country in the main with numerous farms and in some cases thick forests of virgin territory.

Most dwellings are attractive one-family homes of good quality construction. Seventy percent (70%) of all homes in 1960 were owner-occupied whereas for the entire State the comparable figure was only 61.9%.

Among all housing units in 1960, 43% were built in the period from 1950 to March, 1960; 9% during the 1940-1949 period; and 48% in 1939 or earlier. Of course, many new homes were added from 1960 to 1967.

In 1960 the median value of owner-occupied homes in Wallingford was $15,100. Currently, house prices range from $12,000 to $50,000 although the most active range is $16,000 to $40,000. Residential areas are zoned for one and two acres (there are a very few at one-half acre) and lots are priced from $4,000 and up. Single-family houses for rent are very difficult to find, although there are a number of two- and three-family houses available, ranging from $75 to $125 per month. There are also many new apartments available at $120 to $150 per month.

The number of unsold new homes is very small, perhaps no more than 10 as an estimate. The prospects for continued development are excellent based on the 1288 new homes built in the last seven years and on the very large land area of the Town.

B. The 1963 Census of Business indicates there are 298 retail firms, 32 wholesalers, and 120 selected service companies in Wallingford. The Connecticut Tax

Department, in its 1967 first quarter report, shows a total of 652 commercial firms of all types.

Total retail sales in Wallingford increased from $20,502,000 in 1954 to $57,141,000 in 1966.

According to the 1963 U.S. Census of Manufactures, Wallingford had 77 firms employing 6,701 workers with payroll of $39,534,000. Value added by manufacture (adjusted) was $72,096,000. Only 16 cities or towns of the 169 in the state had a higher value added statistic.

More recently, according to the Regional Planning Agency of South Central Connecticut, there are now some 110 manufacturing firms in the Town of which 27 with about 1050 employees are within the service area of the proposed branch. The largest firms in the Town include American Cyanamid, International Silver, Wallingford Steel, Revere Corporation of America, Wallace Silversmiths, and the Stanley-Judd Division of The Stanley Works which combined account for nearly 5,000 employees.

Wallingford is well-balanced industrially. Principal products are sterling silver, silver plate, brass goods, stationery, paper boxes, hardware, fireworks, cold rolled strip, stainless and specialty steels, garments, switches, electric wire and cable and resins for plastics and precision instruments. There is a good balance between large, medium and small firms.

According to the Connecticut Labor Department, total 1966 wages paid by Wallingford employers amounted to $80,688,830.

Total employment in the Town in June, 1966 was 13,890 of which 8070 employees were in manufacturing and 5820 in non-manufacturing industries.

It is important to note that manufacturing employment doubled between 1954 and 1966, while non-manufacturing employment increased by 171%. Total employment doubled in the same period. And the rate of increase has not abated at all, particularly in the last two years.

C. Barnes Shopping Center, corner Route 5 and Barnes Road. -- Proposed branch location

This shopping center is currently under construction by the American Urban Corporation of New Haven. Details are as follows:

Tenants	Square Footage	Term of Lease	Lease Agreement Signed
First National Stores	19,454	20 years	yes
W.T. Grant Company (Grant's City)	70,174	15 years	yes
Friendly Ice Cream Store	16,640	20 years	no
Drug store		15 years	no
Shoe store		12 years	no
Atlantic Service Station	---	20 years	yes

Also proposed is a Twin Cinema of 6,000 square feet and space for a branch bank among other tenants. Plans call for a 155,000 square foot (under roof) shopping center on 12.3 acres of land which could be expanded by the addition of land east of Grant's location off Barnes Road. Parking for 1,088 automobiles is planned.

On the basis of Urban Land Institute's guidelines of a standard 5.5 parking spaces per 1000 square feet of gross leaseable area in retail use, the allocated parking area is more than adequate.

While we have no information as to employment, it is reasonable to assume that several hundred people will be employed in the Center. It may reasonably be expected that sales during the second or third year after the Center's opening will approximate $50 per square foot or about $8,000,000 in sales annually.

It should be noted that the two most important lessees-- Grant's and First National Stores -- are nationally-known firms and have already signed leases. These are the "anchor" stores and are all-important to the development and success of this Center. Undoubtedly, this Center will fulfill the need for better retail facilities in the Town. Its location is highly accessible since it will be serviced by Route 5, Barnes Road, I-91, the Wilbur Cross Parkway, Church Street in Yalesville and North Hartford Turnpike.

D. In 1940, Wallingford's population was 14,788; in 1950, 16,976; in 1960, 29,920 and in 1967, 33,200 according to Connecticut State Department of Health estimates.

The resident population of the service area for those years is estimated at 2292 for 1940; 2631 for 1950, 4628 for 1960, and 5150 in 1967.

Wallingford is one of the fastest growing communities in New Haven County. During the 1950-1960 decade, the town grew by 76% in population as compared to the County average of 21%. In the years 1960-1965, the growth was nearly 10% compared to the County growth of 9%. The Town is now the seventh largest of 27 communities in the County.

Recent population projections by the Regional Planning Agency of South Central Connecticut and the staff of the Connecticut Interregional Planning Program of the State Development Commission are as follows:

	Regional Planning Agency	Connecticut Development Commission
1960 (actual)	29,920	29,920
1980	49,000	41,096
2000	68,500	68,300

New plants recently located in Wallingford include the Goldfeder Silver Company, the Joclin Manufacturing Company and Unimax Switch of Maxson Corporation Metals for Electronics. Because of Wallingford's strategic location,

several major transportation companies maintain large terminals in the Town.

Completed or planned major industrial construction in the Town in 1966 and 1967 is as follows:

Industrial Construction in
Wallingford, 1966 and 1967

Company	Type of Construction	Square Footage	Value	Stage of Construction
American Cyanamid	Warehouse addition	72,000	$ 600,000	Completed
Continental Wire Corp.	Manufacturing Plant	--	200,000	Planned
International Silver Co. Times Wire and Cable Div.				
	Pre-engineered Warehouse	11,600	100,000	Under Construction
	Manufacturing Plant addition	13,500	150,000	Completed
K&H Corrugated Box Corporation	Corrugated Box Factory	23,000	250,000	Completed
Unimax Switch Co.	Factory Addition	30,000	300,000	Completed
Wallingford Steel Co.	Warehouse Addition	96,000	1,000,000	Under Construction
New Haven Trap Rock Co.	Processing Plant	---	100,000	Under Construction
Revere Corporation of America	Plant Addition	4,600	48,400	Under Construction
TOTALS		250,700	$2,748,400	

Source: Connecticut Development Commission.

Another development soon to get underway is the Barnes Industrial Park on North Main Street and Barnes Road. Mr. Stanley Fisher has purchased 182 acres of land to develop for light industry. By applying ratios developed by the Regional Planning Agency of South Central Connecticut, this acreage would mean the addition of about 1638 new employees or 9 new employees for each acre of industrially used land when fully developed. This industrial park will have 1,000,000 square feet of building area.

Some 2½ miles east of the proposed branch bank and now under development is the location of the $125 million, 877 acre research and development park jointly sponsored by The United Illuminating and Connecticut Light and Power Companies. When fully developed, this mammoth project, one of the largest in New England, will contain 4½ million square feet of building area and employ 15,000 people.

Thus, the viability of the Route 5 - Barnes Road location becomes quite evident. Route 150 (Woodhouse Avenue) and Route 68 (Church Street and Barnes Road) are the principal highways serving the Town in an east-west direction. The Wilbur Cross Parkway, Route 5, I-91 and the Hartford Turnpike serve the town in a north-south direction. The existing system of major highways is fully adequate to serve both commuter and through traffic in any direction.

Interstate 91 is carrying substantial traffic volumes. Beginning at the Wharton Brook Connector at the North Haven line, 1966 average daily volume on I-91 was 30,900 vehicles; at Woodhouse Road it was 28,600; at East Center Street, 30,100 vehicles, and at the Barnes Road connection, the volume was 29,800 vehicles.

The Wilbur Cross Parkway is also carrying heavy volumes. At Quinnipiac Street, the Parkway is accommodating 18,000 vehicles daily and near the Route 5 interchange the count is 17,300 vehicles per day.

Route 5 is another heavily travelled artery. At the Barnes Road crossing the count on Route 5 reaches its peak -- 14,900 vehicles daily.

Other traffic counts on the major arteries are shown in the traffic maps enclosed with this Summary.

The outstanding fact emerging from the traffic count analysis is that, excepting for I-91 and the Wilbur Cross Parkway, the peak daily volumes on Route 5 -- 14,900 vehicles -- occur at its junction with Barnes Road. This heavy volume, coupled with the substantial volumes carried by Routes 15, 68, and 150 -- all within proximity -- means that a branch bank at the proposed location would be exposed to an inordinately high number of vehicles and would offer the maximum accessibility attainable within Wallingford.

The only natural and man-made barriers in the service area are the Quinnipiac River and the Railroad line. These barriers present no great problem, however, since Mooney's Crossing at the railroad has been reconstructed and widened and the river is effectively traversed by excellent roads.

15. (a) As of July 19, 1967, deposits and loans held in the main office and branches originating from Wallingford were as follows.

Deposits

	No. of Accts	Volume
Regular Checking	95	$210,879
Special Checking	132	22,728
Full Service Savings	148	89,396
Passbook (Estimated)	63	38,000
Certificates of Deposit	4	80,800
Totals	442	$441,803

Loans

Held In Discount Department	No. of Accts	Volume
Direct Time Unsecured	22	$140,282
Direct Time Secured	2	1,030
Demand Secured	4	112,565
Demand Unsecured	6	14,757
Total in Discount Department	34	$268,634
Mortgages	5	138,207
Instalment Loans Outstanding	668	1,135,188
Grand Totals	707	$1,542,029

Also this bank has 6 trust accounts totalling $500,000.

Note: All statistics are actual, except for Passbook Savings.

It is vitally important to note that this bank has been able to generate this large volume of business without benefit of a branch in Wallingford. The nearest branch of this bank is in Hamden, eight miles from Wallingford Center.

DEPOSIT ESTIMATES

	First Year	Second Year	Third Year
Demand Deposits	$ 711,000	$ 961,000	$1,161,000
Special Checking	53,000	83,000	113,000
Savings	377,000	627,000	827,000
Totals	$1,141,000	$1,671,000	$2,101,000

LOAN ESTIMATES

	First Year	Second Year	Third Year
Commercial	$ 270,000	$ 350,000	$ 400,000
Instalment	1,200,000	1,320,000	1,450,000
Mortgage	175,000	250,000	300,000
	$1,645,000	$1,920,000	$2,150,000

It should be noted that the deposit and loan estimates shown above include the business already held by this bank. Also, it is anticipated that the Barnes Industrial Park should be well along in its development by the end of the third year and that for the years thereafter the branch should be acquiring customers from the Park thus strengthening its operation.

(b) 1966 effective buying income per household in Wallingford (disposable personal income) is estimated at $9391 by Sales Management's Survey of Buying Power. Hence, based on 5150 people living within the primary trading area, or 1501 families @ 3.43 persons per household, the 1501 families X $9391 gives a total effective buying income of about $14,100,000. For this year, the national average of savings as a percent of disposable personal income is 6%. Thus, there is a savings factor of roughly $846,000 annually that is available for investment, part of which would be available for deposit in the proposed branch.

Moreover, there is the additional potential represented by the 27 manufacturing firms with 1050 employees within the service area as well as the estimated 250 employees of the Barnes Shopping Center and several hundred employees of other retail firms within the service area.

Further, to relate these statistics to the immediate area of the proposed branch, we examined and analyzed the deposit business already held from Wallingford. In this analysis we determined the average account size for each service for Wallingford households and individuals and compared this with other comparable branches such as Derby and Guilford.

We then drew on our experience with another shopping center branch in Milford to determine the volume of business we could expect from the tenants of the proposed branch.

The final estimates were adjusted to reflect the differences in bank competition, the attributes of the proposed location and our forecast of the anticipated growth rates of the sectors of Wallingford.

16. We are convinced that defensive and offensive considerations are important and should be weighed carefully in the decision to be made on the establishment of the proposed branch.

On the defensive side, while we have no specific evidence to reveal any loss of existing customers, it appears to us that the Hamden branch, being eight miles distant, cannot possibly fulfill the role of retaining most of the Wallingford customers. The problem posed by the absence of a branch of this bank will probably become more acute since the attrition of these customers will increase with the passage of time.

On the offensive side, we believe that there is a real opportunity for this bank to contribute to and share in the growth of Wallingford. The documentation presented in the market study gives ample evidence of the type and extent of growth we envision for the Town and why this growth is likely to occur.

Our long-range studies, not only of Wallingford but also of New Haven County and its pivotal role in the

state's development, are extensive. Wallingford is an integral part of our long-range marketing strategy and branch planning.

17. PROJECTIONS OF EARNINGS AND EXPENSES

Income	First Year	Second Year	Third Year
Loan Income	$124,385	$143,900	$160,700
Investments	NONE	NONE	NONE
Service Charges	3,000	4,000	6,000
Trust Income	1,000	2,000	2,000
Other Income	3,000	3,000	4,000
Total Income	$131,385	$152,900	$172,700
Expenses			
Salaries	$ 37,000	$ 40,000	$ 42,000
Interest	15,080	25,080	33,080
Rent & Equivalent	9,500	9,500	9,500
Utilities & Fuel	4,000	4,000	4,000
Taxes & Insurance	2,000	2,100	2,100
Operations	18,000	19,000	19,000
Depreciation F&F	6,000	6,000	6,000
Borrowed Money	30,000	17,500	7,500
Total Expenses	$121,580	$123,180	$123,180
Profit	$9,805	$29,720	$49,520

18. (a) Not applicable

(b) Net, net lease agreed upon. Terms of lease are as follows:

Ground rent of $1600 per annum (covers 4,000 square feet of ground space used exclusively for bank purposes in and around the proposed bank site).

An additional charge of sixteen percent (16%) on capital expended for the construction of a bank building costing not less than $40,000.

An initial lease of 15 years at the above terms accompanied by ten (10) year options, each option subject to an adjustment for the cost of living plus an additional five percent (5%).

All personal or property taxes assessed against or levied on the said building to be constructed and the said land exclusively reserved for bank use, all charges for gas, electricity or other utilities plus any maintenance expenses required for said building to be paid by this bank.

Building would encompass at least 1200 square feet to include one drive-in window with provision for a second window. Building would be free-standing in the front portion of the shopping center. If a vault is to be included (and management is seriously considering it in light of the coin operation noted earlier under item 5), then additional

space beyond the 1200 square feet noted above would be required and the return of 16% on capital would still apply.

(c) Not applicable

(d) We have no option to lease the property. However, subject to the comptroller's approval, we have agreed to the terms by letter of intent (dated July 25, 1967 and accepted by American Urban Corporation on July 27, 1967), pending the formal drawing up of the lease.

(e) Landlord's obligation to W.T. Grant Company and First National Stores is to have their buildings ready for occupancy by February, 1968. These two stores will probably open by approximately March 15, 1968. Friendly's Ice Cream Store should be opened sometime in April, 1968, with other stores opening soon thereafter.

This branch could be built and opened approximately one (1) year from date of Comptroller's approval. However, we would exert every effort to open this branch at an earlier date.

(f) This bank now owns a fully equipped trailer. Subject to the Comptroller's approval and in order to become established at an earlier date, we are considering the possibility of using the trailer as a temporary branch at this same location pending the erection of the permanent building. In any event, we would keep the Comptroller fully informed of our plans as they develop.

(g) Assuming no problems are encountered in the connection of utilities, the temporary branch could be established and operating within thirty (30) days following the Comptroller's approval.

GX-112

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

Civil Action No. 14,583

UNITED STATES OF AMERICA and WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, INTERVENOR, PLAINTIFFS

vs.

THE CONNECTICUT NATIONAL BANK and THE FIRST NEW HAVEN NATIONAL BANK, DEFENDANTS

Deposition of EDWARD G. O'SHEA, taken pursuant to the Federal Rules of Civil Procedure, at the United States Court House, Bridgeport, Connecticut, before Gerald Gale, a Notary Public in and for the State of Connecticut, on Wednesday, July 19, 1972, at 9:30 a.m.

* * * *

[16] Q What factors are investigated from the economic standpoint when considering a new branch location?

A I think, as I mentioned before, a number of banks in the area already, the size of the area, the amount of industrial development, the amount of residents, residential family, and what the potential of the area would be, not so much today or next month, but in the future, that you are attracting more business and more people.

Q How far into the future do you look or try to look?

A I would think that, one, we look for the earliest possible break-even point, and then profit margin for the office, and it is always with the thought of not really closing the office, so we look—once we establish that it will be there for quite some time.

Q When you spoke about trying to assess the potential for economic growth in the future—and I am wondering when we speak of the future whether you are speaking of next year or five years or ten years?

A I think on the basis of a minimum—when we are looking—when you say on that basis, what it would be for the [17] next five years in an area.

Q Did you ever look beyond that?

A Yes.

Q How far beyond?

A As I say, not putting it specifically by the number of years, but our view in everything we do in light of establishing an office is one for having it effective in that area to satisfy its needs on a continuing basis, if you want—if you want to say forever, I don't know, but we have never closed an office. Our projection is that we have it a part of that community as long as the bank is in existence.

* * * *

[19] Q What was your role in the decision to open this branch in New Milford?

A That the area could service an additional branch office, it showed, as the application demonstrates, growth, and that the branch itself upon establishment could be profitable and, therefore, advantageous to us to the bank in general.

Q Those were your conclusions?

A Yes.

Q If I could get a little more specific about those factors which you found attractive, you mentioned growth. How do you assess such growth, what factors did you consider in this application?

A The size of the area, the increase in statistics from 1950 to 1968.

Q You are speaking of population now?

[20] A Population, right.

Q You consider that to be substantial growth in population?

A Under today's standards, yes.

Q Please continue. Were there any other factors that you considered in growth?

A Well, growth and then, again, as I said before, that the establishment could be—the branch itself could operate profitably.

Q Getting back to growth, population is one factor. Were there any other factors that you considered?

A I think at that time you had several businesses moving into the area there, and recognizing that along with the other factors under our normal theory of establishing a branch would be part of the town.

Q What other factors are there, then growth?

A Growth, profitability. I think as long as I can show an established office is profitable is reason enough. It's when I lose money.

Q Is there anything else?

A No.

* * * *

[24] Q Do you recall whether the location of this office was purchased or leased?

A Leased.

Q What goes into your decision whether to buy or lease?

A Primarily the Comptroller of the Currency, a factor as to what we can have in relation to our capital, number one. Number two, whether or not we can acquire property. This as I said, happened to be leased property. It was a preliminary location. We are now—the New Milford office is now owned, its new location from its original application.

Primarily, I would say that, one, our ability to put working capital into fixed assets would be our primary concern.

Q So, then, I take it that you prefer to purchase, if you have the available funds, am I correct?

A It would be my preference.

Q Why?

A I feel that under lease and under today's figures that leasing—are demanding per square foot. Over the long period of time it would be more advantageous to an organization to own the property.

Q But if you find that it is not possible to purchase, [25] leasing is an alternative, am I correct?

A Yes.

* * * *

[27] Q When we turn to Page 2 of the New Milford application, another factor which you site as a reason for wanting to put a bank there is that the present business now held in the area—do you see that under Paragraph 5?

A On Page 2?

Q Yes. Well, Paragraph 5, if you can find that. I guess it's Page 1 of the summary.

A Right.

Q Present business now held in the area. What did you mean by that, did you mean there is substantial business which your bank then held in the area?

A You are referring to question No. 5 on the second page, where it starts out with "Checking, savings, loans and mortgages . . ."?

Q Yes. Let me read this. It's the third paragraph under Question 5, and I will read it: "The desire to establish an additional branch in this township is based on the marked growth which has taken place in the past ten years. The proposed office would act as an independent unit with the bookkeeping being held in the main office. Considering the [28] growth potential in the next five years and the present business now held in the area, we feel the establishment of an office in this area of New Milford would not only better serve the Town's banking needs through healthy competition, but also aid in the financial needs of new residents and at the same time hold and better serve present customers in the area."

My question relates to this present business now held.

A We do have—at that time some form of business, whether it be loans, personal loans or mortgages, as specified above, and even some demand deposit checking accounts from some people in the area which were being served in our other office which were not particularly located in the township of New Milford.

Q Item 15, which is on Page 6—

A Yes.

Q —"Estimated Deposits and Loans of the Proposed New Milford Branch"—I see, they are right there. I missed that. But, anyway, in the first column you have now held in the area a total deposits, $307,949, total loans, $1,356,847.

First of all, whose note is that down there underneath?

A It would appear that is not mine.

Q That might be from the comptroller's office itself?

A But the notes states that it's "Mostly RE," being [29] real estate.

Q How would you characterize that amount of business which your bank then held? Was it substantial?

A In itself, I don't feel it was substantial. It was nice to have business from an area which we did not have an office and—again, this was a factor in establishing in the area.

Q Do you have guide lines for this factor, that is: whether or not you have a substantial amount of business in an area which would cause you to consider a branch in that area?

A It's a factor.

Q That's a factor?

A Yes.

Q Can you tell us in general terms what you consider to be enough business so that it would be a favorable factor?

MR. BOYER: I object to the form. Are you speaking of this particular office or other towns or in general or what? It's a little unclear what's being asked the witness.

Q Let's speak with respect to this town, this particular application, almost $308,000.00 in deposits. Is that a substantial amount?

A It's not a substantial amount in itself to warrant the [30] establishing of an office.

Q Is that more or less than you have had in other branch applications?

A I don't recall the figures, to be honest.

TREASURY DEPARTMENT
Comptroller of the Currency
December 1959

GX-113

APPLICATION OF

The Connecticut National Bank (Name of Bank) Fairfield (County) Connecticut (State) Charter No. 535

FOR PERMISSION TO ESTABLISH A BRANCH

COMPTROLLER OF THE CURRENCY
Washington 25, D. C.

Sir:

Application is hereby made for permission to establish a branch of this bank at the following location:

Street Address	City or Town	County
Rt. #7 corner of Fort Hill Road	New Milford (Population 8,318)	Litchfield

A certified copy of a resolution of the bank's board of directors authorizing the filing of the aforesaid application is enclosed. A current statement of condition of this bank and a copy of the pertinent State statutes reflecting whether a State bank could be authorized to establish a branch in the location applied for are also enclosed.

The area to be served by the proposed branch has an estimated population of 6,000
The following are the banking units now operating nearest to the location of the proposed branch:

Name of Bank	Head Office or Branch	Street Address	Distance From Location of Proposed Branch
Litchfield County National Bank	Head Office	23 Main St. New Milford, Conn.	Approx. 1 mi.

The following is a brief summary of the board's reasons for believing that establishment of the branch would be in the interests of the bank. The New Milford area of Litchfield County is one of the fastest growing areas in the State both commercially and residentially. The improved highway system has New Milford less than two hours from New York City. Projection of future growth, both industrially and residentially, is very promising.

Additional details concerning the proposal may be obtained by communicating with

Alexander Hawley (Name) President (Title) (Telephone No. 203-333-8511).

It is understood that the cost of any necessary investigation in relation to the application will be borne by this bank.

Date April 29, 1968

Alexander Hawley
Pardon McGahan

SEE REVERSE FOR INSTRUCTIONS

SUMMARY OF INFORMATION REGARDING ESTABLISHMENT OF A BRANCH OFFICE OF CONNECTICUT NATIONAL BANK IN NEW MILFORD, CONNECTICUT.

NEW MILFORD

1. Rt. #7 corner of Fort Hill Road, New Milford, Litchfield County, Connecticut.

2. Bridgeport, Connecticut

1950	1960	1968
158,709	156,748	155,500

3. New Milford, Connecticut

1950	1960	1968
8,799	8,318	12,000

4.(a) 12,000

(b) Service area will cover entire township occupying 64.4 square miles. Proposed office location shown on attached map. The town of New Milford is located in Litchfield County in the western section of the State. It is situated astride the Housatonic River 16 miles north of Danbury. New Milford is bordered on the west by the town of Sherman and New Fairfield, on the north by Kent, on the east by Washington and Roxbury, and on the south by Bridgewater and Brookfield.

5. Checking, savings, loans and mortgages, trust, money orders, travelers' checks, special customer services and collections, safe deposit boxes and foreign services will be available.

The major types of demand for loans would be both secured and unsecured, business and personal, mortgage and property improvement.

The desire to establish an additional branch in this township is based on the marked growth which has taken place in the past ten years. The proposed office would act as an independent unit with the bookkeeping being held in the main office. Considering the growth potential in the next five years and the present business now held in the area, we feel the establishment of an office in this area of New Milford would not only better serve the Town's banking needs through healthy competition, but also aid in the financial needs of new residents and at the same time hold and better serve present customers in the area.

6. 45.5 miles Southeast

7. None

8. (1) Litchfield County National (Main Office)
22 Main Street

Deposits 20,489,293.63
Loans 14,557,357.72
Distance 3.3 miles

(2) Drive-In facility - Litchfield County National
49 Main Street

Deposit & Loan figures not available
Distance 3.6 miles

(4) Candlewood Office Litchfield County National
411 Danbury Road

Deposit and Loan figures not available
Distance 4.2 miles

(5) New Milford Savings Bank
19 Main Street

Deposits 47,705,382.
Loans 37,758,537.
Distance 2.3 miles

9. See attached map.

10. Danbury Savings & Loan - New Milford Office
* Deposits 33,640,466.
* Loans 32,448,333
* Main office figures - New Milford Office figures not available

11. None.

12. At the present time, as indicated, there is one mutual savings bank and one savings and loan association. Competition is active.

13. Survey of the growth of New Milford and survey for purposes of location of proposed office was made by bank officers. No formal records were prepared.

14. New Milford is an urban center in its own right, not a suburban or bedroom town economically dependent upon a Central City. The merchants are very active in the Chamber of Commerce constantly taking steps to improve retail outlets in products and service. The economic character is changing with the gradual disappearance of the farmer. Residential

development of major proportions is taking place with 100% resident ownership and middle to high middle class population predominant. The average age of the housing units is well under ten years, with the price level in the $20,000. - $30,000. bracket. All new housing is being placed on minimum one-acre plots and are of one family ranch and split-level type with a sprinkling of colonial and modern.

(b)

NEW MILFORD INDUSTRIES AND PRODUCTS

	Product
Food	
(b) Conn. Dairy, Inc.	Dairy products
(c) Nestle Co. Inc.	Cookie mixes; bottled seasonings; bouillon cubes
Apparel	
(a) Keefe Products Inc.	Canvas boat covers
Lumber and Wood	
(b) Hansen & Sons, Inc.	Millwork
(a) Hotchkiss Products	Wood, rope ladders
(a) Taylor, H. H. & Son, Inc.	Millwork
Furniture & Fixtures	
(a) Rhodes, Joseph E., Co.	Architectural woodwork; church school furniture
Paper	
(c) Kimberly Clark Corp.	Facial tissues, table napkins, paper towels, toilet tissue
(b) Kimberly-Stevens, Inc. sub. Kimberly Clark	Filtration materials, disposable paper goods
Printing & Publishing	
(a) Sentinel Publishing Co.	Commercial printing
(b) Times Printing & Publishing	Weekly newspaper
Products of Petroleum and Coal	
(a) Cold-Mix Conn. Corp.	Asphalt
Stone, Clay and Glass	
(a) Mac Concrete Const. Co.	Pre-stressed, pre-cast concrete products
(a) New Milford Block Co.	Concrete, cinder blocks
(a) Sega Ready Mix Inc.	Ready mixed concrete
Primary Metals	
(c) Scovill Mfg. Co.	Brass tubes

Fabricated Metals		
(a)	Berkshire Specialties, Inc.	Metal stampings
(a)	Bronal Services, Inc.	Finishing, coating metal parts
(a)	Hammond H.B. Co.	Replating silver watches
Machinery		
(b)	New Milford Foundry & Machine	Machine shop
(a)	Rogg Mfg. Inc.	Machine shop
Electrical Equipment		
(b)	Audio Dynamics Corp.	High fidelity cartridges, tone arms
(b)	Pyne Moulding Corp.	Base plastic moldings for multiple electronic connectors
(c)	Winchester Electronics Inc.	Electronic connectors
Miscellaneous Manufacturing Industries		
(a)	Cory Industries, Inc.	Plastic auto body filler
(a)	Nilsen, Margit, Studio	Display manikins
New Industry		
(c)	Neval, Inc.	Precision Instruments

INDIVIDUAL FIRM DATA

Code letter	Size Group
(a)	0 - 9 employees
(b)	10 - 49 employees
(c)	50 -249 employees
(d)	240 -499 employees
(e)	500 -999 employees

14.(c) Despite the proximity to the Danbury retail center, New Milford's retail merchants accounted for an estimated gross business of 28.6 millions of dollars during the past year. More attractive environments as a means of increasing sales is becoming a pronounced trend. New shoping centers are being rapidly established as the expanding population grows out from the center of town. Many of these shopping centers have been constructed around branches of nationally known chain stores. Off street parking in all new shopping locations is excellend with all units leased.

(d) Between 1950 and 1967 according to estimates of the Connecticut Health Department, the population has grown to 12,000, an increase of 6,200 up over 100%. Growth and progress of New Milford is evidenced by new businesses, new industry, new roads, new schools, new churches and perhaps most important of all, new homes. Population increases attest to the statement that New Milford is a fast-growing, economically sound, well-planned community.

15. See attached

16. As explained in Question #5, this proposed office will better serve business now held in the area by providing banking facilities to customers now living in the area who are required to drive either to out Brookfield or Danbury offices to carry out their banking requirements.

17. See attached

18. (a)

Land	$ 40,000. est.
Bldg.	91,698.
F & F	49,000.
Vault & D.I.	20,759.

(b) N.A.
(c) N.A.
(d) N.A.
(e) 4 - 6 months
(f) N.A.
(g) 4 - 6 months

Revised 6/26/68 JAV.

#15

Estimated Deposits and Loans of the Proposed
New Milford Branch

	Now held in Area,	End of one yr. Operation	End of three yrs. Operation
Total Deposits	$ 307,949.	$ 880,000.	$ 1,750,000.
Total Loans OUtstanding	$1,356,847.	1,600,000.	2,100,000.

#17

Projection of Earnings and Expenses of the Proposed New Milford Branch

	1st year	2nd year	3rd year
Income			
Int. Earned on Deposits	$ 29,574.	$ 44,863.	$ 62,732.
Commission for Loans Granted	12,000.	16,500.	21,000.
Misc. Direct Service Chg. Income	800.	1,000.	1,200.
TOTAL INCOME	$ 42,374.	$ 62,363.	$ 84,932.
Expenses			
Salary	$ 21,500.	$ 22,500.	$ 24,000.
Fringe Benefits	3,800.	4,000.	4,200.
Depreciation	10,200.	10,200.	10,200.
Real Estate Tax	2,800.	2,800.	2,800.
Insurance	700.	700.	700.
Heat, Light & Water	1,500.	1,500.	1,500.
Alarm Systems	200.	200.	200.
Maintenance - Building & F & F	2,000.	2,300.	2,500.
Armored Transportation	500.	500.	500.
F.D.I.C. Assessment	200.	300.	420.
Bank Examination	100.	140.	190.
Printing, Stationary & Supp.	700.	750.	800.
Telephone & Telegraph	2,000.	2,000.	2,000.
Misc. Expenses	480.	540.	610.
Interest of Time Deposits	13,600.	18,975.	26,200.
Overhead	3,453.	5,207.	7,048.
TOTAL EXPENSES	$ 63,733.	$ 72,612.	$ 83,868.
Profit or Loss	$ 21,359. (L)	$ 10,249. (L)	$ 1,064. (P)

Revised 6/26/18 cm.

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GX-114

Form 1008
TREASURY DEPARTMENT
Office of the Comptroller of the Currency
November 1966

APPLICATION OF

The Connecticut National Bank (Name of Bank) Fairfield (County) Connecticut (State) Charter No. 335

FOR PERMISSION TO ESTABLISH A BRANCH

COMPTROLLER OF THE CURRENCY
Washington 25, D. C.

SIR:

Application is hereby made for permission to establish a branch of this bank at the following location:

Street Address	City or Town	County
221 Bull Hill Lane	West Haven	New Haven
	(Population 47,900)	

A certified copy of a resolution of the bank's board of directors authorizing the filing of the aforesaid application is enclosed. A current statement of condition of this bank and a copy of the pertinent State statutes reflecting whether a State bank could be authorized to establish a branch in the location applied for are also enclosed.

The area to be served by the proposed branch has an estimated population of 30,300
The following are the banking units now operating nearest to the location of the proposed branch:

Name of Bank	Head Office or Branch	Street Address	Distance From Location of Proposed Branch
(List attached)			

The following is a brief summary of the board's reasons for believing that establishment of the branch would be in the interests of the bank. (Summary attached)

Additional details concerning the proposal may be obtained by communicating with _____
Lewis A. Shea (Name), President (Title), (Telephone No. 333-8511).

It is understood that the cost of any necessary investigation in relation to the application will be borne by this bank.

Date April 26, 1967

Lewis A. Shea
President or Cashier.

SEE REVERSE FOR INSTRUCTIONS

WEST HAVEN

1. 221 Bull Hill Lane, West Haven, Connecticut. New Haven County.

2. Bridgeport, Connecticut - U. S. Census

   1950 - 158,709
   1960 - 156,748
   Present Estimate - 155,000

3. West Haven, Connecticut - U. S. Census

   1950 - 32,010
   1960 - 43,002
   Present Estimate - 49,000

4. (a) 31,000
   (b) 2.5 mi. north; 2.5 mi. east; 3 mi. south; 1 mi. west.

5. A complete line of commercial banking and trust services including safe deposit boxes will be offered by the Connecticut National Bank. The major types of demand for loans would be discount loans, demand loans, installment loans, mortgage loans, and lines of credit.

   Proposed branch would not be an adjunct to any existing office but an independent branch operation serving a growing area of the town where there is presently no other commercial banking unit in the immediate area. The towns of West Haven and Orange are increasing in population rapidly. Both commercial and industrial facilities are expanding. Proposed branch will be located on main access road connecting the Boston Post Road and the Connecticut Turnpike. This location should prove convenient for present and future CNB customers. It will relieve some of the pressure on lobby traffic in our Orange office. This area needs commercial banking services as evidenced by the number of accounts we now serve at our Orange office which is over two miles away through heavy and congested traffic.

6. Southwest - 14.6 miles

7. Orange Office - 445 Boston Post Road, Orange, Connecticut, established March 15, 1956.

Total Deposits -	Demand Deposits -	$ 2,935,776. (A)	as of 4/18/67
	Savings	2,661,257. (A)	"
Total Loans		2,396,000. (E)	"

   2.1 miles - Southwest

8. First New Haven National - Branch - 7 Old Tavern Road, Orange

   As of 6/30/66

Total Bank Deposits	$ 204,003,000.
Total Bank Loans	146,142,000.

   SW 1.3 miles

First New Haven National - Branch - 154 Orange Avenue, West Haven
NE 2.7 miles

First New Haven National - Branch - 574 Campbell Avenue, West Haven
E 2.4 miles

Orange National Bank - Head Office - 285 Boston Post Road, Orange
As of 6/30/66
Total Deposits $ 3,383,000.
Total Loans 2,282,000.
SW 1.3 miles

Orange National Bank - Branch - 479 Campbell Avenue, West Haven
E 2.7 miles

Second New Haven National - Branch - 531 Campbell Avenue, West Haven
As of 6/30/66
Total Deposits $ 127,361,000.
Total Loans 88,314,000.
E 2.6 miles

9. Duplicate maps attached.

10. People's Savings Bank-Bridgeport - Branch - 653 Orange Center Road, Orange,
As of 6/30/66
Total Deposits $ 416,898,000.
Total Loans 384,066,000.
W 3 miles

Connecticut Savings Bank - Branch - Boston Post Road, Sears Complex, Orange
Opened October 1966
W .3 miles

Connecticut Savings Bank - Branch - 612 Campbell Avenue, West Haven
As of 6/30/66
Total Deposits $ 202,355,000.
Total Loans 169,900,000.
E 2.5 miles

New Haven Savings Bank - Branch - 322 Main Street, West Haven
As of 6/30/66
Total Bank Deposits $ 222,764,000.
Total Bank Loans 201,873,000.
E 2.3 miles

11. Credit Union at the Western Electric Supply Company established about one year ago. No knowledge of any finance companies, insurance companies or other institutions granting loans in the proposed branch area.

12. Even though there are four offices of Savings Banks in the proposed area, competition from these institutions should not be substantial. The industrial and commercial nature of the area indicates a greater need for demand deposit and commercial loan facilities.

13. Study of the growth of Orange and West Haven and the survey of the proposed branch location was made by bank officers. No formal records were prepared. We have had this location under serious consideration for a branch office for over three years due to the tremendous growth taking place there both in industrial and commercial businesses, and new homes and large apartment buildings being constructed.

14. a. The proposed branch will serve both Orange and West Haven. Orange is almost entirely residential. Homes are owner occupied of high quality and are priced from $25,000. to $100,000. The average age of these homes is under twenty years. There are few unsold new homes. Home building should continue at a rapid pace. There appears to be land available for much future development. West Haven is a more established residential community, but home building should continue in at least a moderate pace.

b. West Haven is an industrial and commercial community. The following trucking companies have terminals in the proposed branch area: Adley Express, Akers Motor Lines, Branch Motor Express, M & M Trucking, Roadway Express, Strickland Transportation Co. and Yale Transportation. Large industrial plants include the Western Electric Supply Co., the Armstrong Rubber Co., Diversified Products Corp., Enthone Corp., Miles Laboratories. Medium sized plants include the Delta Engineering Co., George Ellis Co., Connecticut Air Conditioning Co., Boyle Equipment Co., F & W Welding Co., Sullivan Tile Co., Newton-New Haven Die Casting Co., Admiral Machine, Foremost Foods, National Biscuit Co, Eastern Woodworking, Herlin Press, Swift Adhesive, and Richardson Company.

c. The proposed branch area contains the new Sears shopping complex which is only .3 miles distant from the proposed branch. This shopping center includes a large Sears Department Store, a Sears Automotive Center, Bradlees, Stop and Shop, Friendly's, Thom McAn and three other shops. Ample parking facilities are available. Located both east and west on the Boston Post Road are Topps, A & P, Shop-Rite, Grossman's Lumber Supplies, and S and R Trading Co.

d. There is still ample land available for future industrial and commercial expansion. New plants are under construction. Two new shopping centers will be established one mile southwest and one-half mile north of the proposed branch office. The population density of West Haven is second only to New Haven among all towns in New Haven county. However, there is still land available for future growth. Street and road facilities are excellent. West Haven has approximately one hundred miles of paved roads. The only geographic barrier would be Long Island Sound to the south of West Haven.

15.

a.	Deposits	Loans (Incl. Mortgages)
Now Held	$777,333.	$ 335,440.
One Year	950,000.	650,000.
Three Years	1,700,000.	900,000.

b. Existing deposits and loans in the area taken from bank ledgers. Reasonable estimates for one and three years. Using Orange Office totals of deposits and loans we took at random sections of the ledger cards and records with West Haven addresses and applied the percentage of these accounts to the overall total accounts, to the total amount of deposits and loans as of a given date.

16. Proposed branch should more efficiently serve existing business and also be in a position to develop substantial new business. Presently there is no commercial bank in proposed branch area. Other banks are located in Orange to the southwest or in the central downtown area of West Haven to the east. Proposed branch will be situated in an area of growing population and increasing industrial and commercial facilities. The branch will be located on a main access road between the Boston Post Road and the Connecticut Turnpike which should prove convenient for bank customers.

17. See attached Earnings and Expense Sheet.

18. a.

Land	170' x 200"	$ 60,000.
Building		80,000.
Furniture & Fixtures		46,000.
Vault		12,000.

b. Does not apply.

c. Does not apply.

d. Purchase agreement for 90 days conditioned upon securing approval from the Comptroller of the Currency and Building Permit from Town of West Haven, expires July 19, 1967.

e. Completion date is estimated to be approximately six months from date of approval of this application by the Comptroller of the Currency and the receipt of proper zoning approval.

f. Does not apply.

g. Expect to be in operation within six months providing we secure building permit promptly.

17. Earnings and Expenses of Proposed Branch

	First Year	Second Year	Third Year
Interest Earned on Deposits	$ 30,884.	$ 44,885.	$ 60,384.
Commission for Loans Granted	19,076.	21,990.	25,000.
Miscellaneous Service Charges	1,200.	1,700.	2,200.
Gross Income	$ 50,960.	$ 68,575.	$ 87,584.
Salary	$ 18,700.	$ 19,500.	$ 20,500.
Fringe Benefits	2,244.	2,340.	2,460.
Depreciations	12,720.	12,720.	12,720.
Real Estate Tax	4,000.	4,000.	4,000.
Insurance	720.	720.	720.
Heat, Light & Water	1,650.	1,650.	1,650.
Maintenance of Building	2,000.	2,000.	2,000.
Maintenance & Repair of F & F	720.	720.	720.
Fees - Advisory Committee	1,200.	1,200.	1,200.
Armored Transportation	600.	600.	600.
F.D.I.C Assessment	258.	344.	413.
Bank Examination	100.	170.	190.
Printing, Stationery & Supplies	700.	750.	800.
Telephone & Telegraph	1,800.	1,800.	1,800.
Alarm Systems	150.	150.	150.
Miscellaneous Expenses	700.	770.	840.
Interest of Savings Deposits	14,800.	21,460.	28,860.
Overhead & Centralized Operations	4,484.	5,842.	7,282.
Total Expenses	$ 67,546.	$ 76,736.	$ 86,905.
Profit (P) or Loss (L)	$ 16,586.(L)	8,161.(L)	$ 679.(P)

1776

GX-115

Form 1120
TREASURY DEPARTMENT
Office of the Comptroller of the Currency
December 1965

APPLICATION OF

The Connecticut National Bank (Name of Bank) Fairfield (County) Connecticut (State) Charter No. 335

FOR PERMISSION TO ESTABLISH A BRANCH

COMPTROLLER OF THE CURRENCY
Washington 25, D. C.

SIR:

Application is hereby made for permission to establish a branch of this bank at the following location:

Street Address	City or Town	County
Prospect Road	Prospect	New Haven

(Population 5,400)

A certified copy of a resolution of the bank's board of directors authorizing the filing of the aforesaid application is enclosed. A current statement of condition of this bank and a copy of the pertinent State statutes reflecting whether a State bank could be authorized to establish a branch in the location applied for are also enclosed.

The area to be served by the proposed branch has an estimated population of 7,000
The following are the banking units now operating nearest to the location of the proposed branch:

Name of Bank	Head Office or Branch	Street Address	Distance From Location of Proposed Branch
Waterbury Savings Bank	Branch	Prospect Road	Adjacent

The following is a brief summary of the board's reasons for believing that establishment of the branch would be in the interests of the bank. Town has had rapid growth in recent years which will continue. Presently there is no commercial bank in the town.

Additional details concerning the proposal may be obtained by communicating with .....

Lewis A. Shea (Name), President (Title), (Telephone No. 333-8511).

It is understood that the cost of any necessary investigation in relation to the application will be borne by this bank.

Date June 30, 1966

Lewis A Shea
President or Cashier.

PROSPECT

1. Prospect Road, Prospect, New Haven County, Connecticut

2. Bridgeport, Connecticut - U. S. Census

1950 - 158,709	decrease 1.2	1950 - 1960
1960 - 156,748	decrease 0.9	1960-- 1965
Present Estimate - 155,300		

3. Prospect, Connecticut - U. S. Census

1950 - 1,896	increase 130.3	1950 - 1960
1960 - 4,367	increase 21.4	1960 - 1965
Present Estimate - 5,300		

4. (a) East Mountain District and Hamilton Ave. District 8,000
Prospect 6,000
West Cheshire 500
Union City 1,000
Bethany 500
16,000

(b) West 4 mi.; East 5 mi.; North 4 mi.; South 5 mi.

5. (a) Checking, savings, loans and mortgages, trust, money orders, travelers' checks, special customer services and collections, safe deposit boxes and foreign services will be available.

(b) The major types of demands for loans would be both secured and unsecured, personal, mortgage and property improvement.

(c) The desire to establish a branch in this township is based on the marked rapid growth which has taken place in the past 5 years. The proposed office would act as an independent unit with the bookkeeping maintained in the Main Office. At the present time, there is no commercial bank in the Town of Prospect, and considering the growth potential in the next five years and the present business now held in the area, we feel the establishment of an office in Prospect would not only serve the town's banking needs for a commercial bank, but would also aid in the financial needs of new residents and at the same time hold and better serve present customers in the area.

6. South 33 mi.

7. None

8.	Waterbury Savings Bank Prospect Road Prospect, Connecticut	Deposits 12/31/65	Loans	Mileage
		*$166,983,343.28	*$149,236,092.20 (M) * 6,853,717.50 (other loans)	Adjoining

*Consolidated figures
(Main Office - Waterbury, Connecticut
(Branch Deposits not Segregated)

9. See attached

10. Waterbury Savings Bank
Prospect Road
Prospect, Connecticut

Same as Question #8 - Number of accounts not known

11. None

12. At the present time, the only competition is from a savings bank.

13. Survey of the growth of Prospect and survey for purposes of location of proposed branch was made by bank officers. No formal records were prepared.

14. (a) The Town of Prospect covers an area of 14.8 sq. miles. The town is principally a low density residential area and homes in the $15,000. to $25,000. bracket are owner-occupied. Many new housing developments are in process at the present time.

Retail Sales in Prospect have increased quite extensively during recent years and there is every indication that it will continue to do so.

The Town government is made up of Selectman and a Board of Finance. The grant list as of the fiscal period July 1, 1964 to June 30, 1965 totaled $17,985,643. and indebtedness amounted to $996,000. as of January 1, 1965. Assessments are based on approximately 65% of current market value with a tax rate of 31 mills.

(b) The Town of Prospect is not primarily industrial or business, it is predominately agricultural.

(c) None. Plans for shopping centers in the future are reported as being prepared.

(d) Increase of population each year is due largely to lack of living space in Waterbury. New shopping center is probable when zoning is changed plus factories and stores recently built. Route #59 (Prospect Road) is main thoroughfare from Waterbury to New Haven. Roads mostly macadamized. No geographical barriers.

15. (a)

	Deposits	Loans (Including Mortgages
Now held	$ 408,000.	$ 392,000.
One year	720,000.	530,000.
Three years	1,210,000.	812,000.

(b) Sampling taken of savings, checking and loans with actual mortgage totals.

16. As explained in Question #5(c), this proposed office will better serve business now held in the area by providing banking facilities to customers now living in the area who are required to drive either to our Waterbury or Wolcott Offices to carry out their banking requirements.

17. See attached Earnings and Expense Sheet.

18. (a) Land - $30,000.; Building $89,000.; Furniture and Fixtures $46,000.; Vault $12,000.

(b) No

(c) No

(d) 90 days with 60 day renewal to purchase land

(e) 4 - 6 months

(f) No

(g) 4 - 6 months

In connection with the resubmission of the branch application for the Town of Prospect, we submit the following additional material which we consider to be significant. It is the result of a thorough re-study of the situation by bank personnel last week.

BUSINESS POSITION

At the time the application was filed, we had deposits totaling $408,000 represented by 129 demand deposit accounts and 111 savings accounts, this includes the accounts of the Town of Prospect.

Since July, when this application was processed and our interest in establishing a branch in Prospect became known, we have opened 10 checking accounts, 1 additional Town account and 2 savings accounts.

COMPUTER SERVICES

Our bank has a Burroughs 300 Computer devoted solely to specialized customer services. With this equipment, we are submitting next week a proposal on Municipal Tax Preparation for the Town of Prospect. In addition the 20 commercial and manufacturing concerns in the Town have indicated real interest in our computer services. Of these concerns we now have 5 accounts and the other 15 have indicated a real interest in Saturday morning banking which we will provide and are very good prospects.

RETAILERS

There are 21 retailers in Prospect. Of these 6 do business with us now, 13 are definitely transferring their accounts and 2 will eventually.

CHARGE ACCOUNT BANKING

Our bank has been in the Charge Account business for over 7 years. We have 3 Prospect merchants enrolled as members now, and if we were to have a branch, we would have another 4 immediately.

PETITIONS

The enclosed petitions are a vivid indication of the real desire the business people and residents of the Prospect area have for a branch of our bank in the Town.

LOCATION

It should be noted that we presently have under option a fine piece of property which would enable us to proceed immediately with the establishment of complete commercial banking services in Prospect.

PROSPECT

1. Prospect Road, Prospect, New Haven County, Connecticut

2. Bridgeport, Connecticut - U.S. Census
   1950 - 158,709
   1960 - 156,748
   Present Estimate - 155,300

3. Prospect, Connecticut - U.S. Census
   1950 - 1,896
   1960 - 4,367
   Present Estimate - 5,300

4. (a)

East Mountain and Hamilton Avenue Districts	8,000
Prospect	6,000
West Cheshire	500
Union City	1,000
Bethany	500
	16,000

   (b) West 4 miles; East 5 miles; North 4 miles; South 5 miles

5. (a) Checking, savings, loans and mortgages, trust, money orders, travelers' checks, special customer services, collections, safe deposit boxes and foreign services, will be available.

   (b) The major types of demands for loans would be both secured and unsecured, personal, mortgage and property improvement.

   (c) The desire to establish a branch in this township is based on the marked rapid growth which has taken place in the past 5 years. The proposed office would act as an independent unit with the bookkeeping maintained in the Main Office. At the present time, there is no commercial bank in the Town of Prospect, and considering the growth potential in the next 5 years and the present business now held in the area, we feel the establishment of an office in Prospect would not only serve the Town's banking needs for a commercial bank, but would also aid in the financial needs of new residents and at the same time, hold and better serve present customers in the area.

6. South - 33 miles

7. None

8.

	Deposits 12/31/65	Loans	Mileage
Waterbury Savings Bank Prospect Road Prospect, Connecticut	*$166,983,343.28	*$149,236,092.20 (mtge.) *$ 6,853,717.50 (other loans)	Adjoining

*Consolidated Figures
(Main Office - Waterbury, Connecticut)
(Branch Deposits Not Segregated)

9. See Attached

10. Waterbury Savings Bank
Prospect Road
Prospect, Connecticut

Same as Question #8 - Number of accounts not known.

11. None

12. At the present time, the only competition is from a savings bank.

13. Survey of the growth of Prospect and survey for purposes of location of proposed branch was made by bank officers. No formal records were prepared.

14. (a) The Town of Prospect covers an area of 14.8 sq. miles. The Town is principally a low density residential area and homes in the $15,000. to $25,000. bracket are owner-occupied. Many new housing developments are in process at the present time.

Retail Sales in Prospect have increased quite extensively during recent years and there is every indication that it will continue to do so.

The Town government is made up of Selectmen and a Board of Finance. The grand list as of the fiscal period July 1, 1964 to June 30, 1965 totaled $17,985,643. and indebtedness amounted to $996,000. as of January 1, 1965. Assessments are based on approximately 65% of current market value with a tax rate of 31 mills.

(b) The Town of Prospect is not primarily industrial or business. It is predominately agricultural.

(c) None. Plans for shopping centers in the future are reported as being prepared.

(d) Increase of population each year is due largely to lack of living space in Waterbury. New shopping center is probable when zoning is changed plus factories and stores recently built. Route #59 (Prospect Road) is main thoroughfare from Waterbury to New Haven. Roads mostly macadamized. No geographical barriers.

15. (a)

	Deposits	Loans (including mortgages)
Now Held	$ 408,000.	$392,000.
One Year	$ 720,000.	$530,000.
Three Years	$1,210,000.	$812,000.

(b) Sampling taken of savings, checking and loans with actual mortgage totals.

16. As explained in Question #5 (c), this proposed office will better serve business now held in the area by providing banking facilities to customers now living in the area who are required to drive either to our Waterbury or Wolcott Offices to carry out their banking requirements.

17. See attached Earnings and Expense Sheet.

18. (a)

Land	$30,000.
Building	$69,000.
Furniture and Fixtures	$46,000.
Vault	$12,000.

(b) No

(c) No

(d) 90 days with 60 day renewal to purchase land

(e) 4 - 6 months

(f) No

(g) 4 - 6 months

QUESTION 17 — PROSPECT OFFICE

	1ST YEAR	SECOND YEAR	THIRD YEAR
INCOME			
Interest Earned on Deposits	$26,983	$30,940	$41,972
Commission for Loans Granted	11,939	15,504	19,762
Service Charge - Exchanges	250	325	400
Service Charge - Demand Deposits	250	325	400
Rental - Safe Deposits	200	250	300
Miscellaneous Earnings	100	100	100
	$39,722	$47,444	$62,934
EXPENSE			
Salary	$16,000	$16,500	$20,000
Fringe Benefits	1,920	1,980	2,400
Depreciation	6,860	6,860	6,860
Real Estate Tax	1,200	1,200	1,200
Insurance	740	740	740
Heat, Light & Water	800	800	800
Alarm Systems	190	190	190
Dues, Memberships, etc.	100	150	200
Maintenance - Building and Furniture & Fixtures	1,400	1,750	2,000
Armored Transportation	1,150	1,150	1,150
FDIC Assessment	231	265	364
Bank Examination	100	170	190
Postage	100	120	140
Printing, Stationery & Supplies	700	750	800
Telephone & Telegraph	2,000	2,000	2,000
Miscellaneous Expenses	319	345	356
Interest on Savings Deposits	9,250	11,100	14,800
Interest on Time Certificates	4,000	4,000	4,000
Overhead	2,770	3,308	4,388
TOTAL EXPENSES	$49,830	$53,378	$62,578
PROFIT (P) or LOSS (L)	$10,108 (L)	$ 5,934 (L)	$ 356 (P)

GX-116

DEPOSITS HELD BY
MUTUAL SAVINGS BANKS IN
MARYLAND AND NEW JERSEY

- - - - -

	Total Deposits (000)	Demand Deposits (000)	Demand Deposits as % of Total Deposits
Maryland Mutual Savings Banks	$ 986,680	$ 20,226	2.05
New Jersey Mutual Savings Banks	$ 3,650,985	$ 99,285	2.72

SOURCE: FDIC, Assets and Liabilities - Commercial and Mutual Savings Banks--December 31, 1971, pp. 102, 103.

GX-117

File No. 607

Substitute Senate Bill No. 568

State of Connecticut

House of Representatives

Senate, April 29, 1971. The Committee on Banks and Regulated Activities reported through Senator Buckley of the 17th District, Chairman of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING DEMAND DEPOSITS IN SAVINGS BANKS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. For purposes of this act: (a) "Commercial bank" means a state bank and trust company or national banking association having its main office in this state; (b) "assets" of a commercial bank are the assets shown on its most recent report made to the state bank commissioner or the federal comptroller of the currency as of a date in the preceding calendar year; and (c) "small commercial bank" means a commercial bank which has assets of less than fifty million dollars.

Sec. 2. Except as provided in sections 5, 6 and 7 of this act, savings banks may accept demand deposits in addition to savings deposits and time deposits. Such demand deposits shall be withdrawn and transferred by such instruments and means as are, or may from time to time be, permitted for the withdrawal and transfer of demand deposits in commercial banks. A savings bank may impose maintenance and activity charges on demand deposit accounts.

Sec. 3. A savings bank may pay interest on demand deposits only to the extent that members of the federal reserve system may from time to time be permitted to pay interest on demand deposits.

Sec. 4. A savings bank shall maintain a reserve fund equal to one hundred per cent of its demand deposits, as follows: (a) A savings bank shall maintain a primary reserve fund equal in percentage to that required for demand deposits of a member of the federal reserve system. The amount of the primary reserve fund shall be computed on the basis of daily deposit balances averaged over semimonthly periods ending on the first and fifteenth days of each month. Not less than one-sixth of the primary reserve fund shall consist of cash on hand. The remainder of the primary reserve fund shall consist of net balances subject to demand draft with any commercial banks or federal reserve banks. (b) The amount of the balance of the one hundred per cent reserve fund, hereinafter referred to as the "supplemental reserve fund," shall be computed on the basis of semimonthly average deposit balances averaged over semiannual periods ending on the first day of a month. (c) The supplemental reserve fund shall consist of deposits in small commercial banks. As to these deposits the savings banks shall give preference to the local main office of small commercial banks, as follows: The portion of the supplemental reserve fund attributable to demand deposits maintained at an office of the savings bank located in a municipality in which one small commercial bank has its main office shall consist of deposits in that small commercial bank and the portion of the supplemental reserve attributable to demand deposits maintained at an office of the savings bank located in a municipality in which two or more small commercial banks have their main offices shall consist of deposits in those small commercial banks in proportion to the amounts of their respective assets. (d) The requirements of subsection (c) pertaining to deposits in small commercial banks shall be limited as follows: (i) The deposit limits of section 36-94 of the 1969 supplement to the general statutes shall be observed. (ii) A savings bank shall not be required to maintain any part of its supplemental reserve in a small commercial bank which refuses

to accept deposits of the amount and maturity tendered by the savings bank, or which does not pay the prevailing market interest rate applicable to the amount and maturity of such deposits. (iii) The commissioner shall have the power to suspend or modify the application of subsection (c) to any situation with respect to which the commissioner finds an imprudent or inequitable banking practice might otherwise result.

Sec. 5. No savings bank shall accept a demand deposit in a trade name, in the name of a corporation or partnership, or in a name having appended to it a commercial, occupational or professional designation. At the time any new demand deposit account is opened, the savings bank shall demand from each depositor a signed statement to the effect that the depositor will not use the account for any commercial, occupational or professional purpose. If a savings bank discovers that a demand deposit account is being used for a commercial, occupational or professional purpose, it shall close the account upon reasonable notice to the depositor.

Sec. 6. (a) A savings bank shall not accept demand deposits at a branch office located in a municipality which has a population of less than twenty-five thousand persons and in which the main office of a small commercial bank is located on the effective date of this act and remains continuously located after the effective date of this act, except that a savings bank may accept demand deposits at a branch office located in a municipality in which the savings bank has its main office or in which is located a branch office of a commercial bank which has its main office in another municipality. (b) After October 1, 1973, a savings bank, prohibited by subsection (a) from accepting demand deposits at a particular branch office, may apply to the commissioner for permission to accept demand deposits at such branch office. Within ten days of receipt of the application, the commissioner shall notify by registered or certified mail the savings bank and the small commercial bank referred to in subsection (a) of the time and place of the hearing to be held on the application, which time shall be not less than thirty nor more than sixty

days after said notice. The banks which are the parties to the proceeding shall be entitled to be represented by counsel, and a transcript of the hearing shall be made. The commissioner and the parties to the proceeding may issue subpoenaes to compel the attendance of witnesses and the production of documents. The commissioner may establish other rules of procedure, not inconsistent with this act, to govern the proceedings. The commissioner shall approve the application if he finds that allowing such savings bank to accept demand deposits at such branch office will serve the public interest and convenience and will not cause undue competitive injury to the small commercial bank referred to in subsection (a). Within sixty days after the date of the hearing, the commissioner shall give written notice, to the savings bank and the small commercial bank referred to in subsection (a), of approval or disapproval of the application.

Sec. 7. (a) The right of a savings bank to accept new demand deposit accounts at an office located in a particular municipality may be terminated by order of the banking commission upon a finding by the commission that the acceptance of demand deposits by the savings bank at that office has caused, or is likely to cause, a diminution of the earnings of a commercial bank having an office in that municipality so substantial as to jeopardize that commercial bank's solvency or ability to continue to do business. A proceeding under this section shall be commenced by the complaint of the aggrieved commercial bank, which complaint shall be filed with the commission and upon such savings bank. The complaint shall state facts upon which are based the allegations of diminution of earnings of the aggrieved commercial bank. Within ten days of filing of the complaint, the commission shall notify, by registered or certified mail, the commercial bank and the savings bank which are the parties to the proceeding of the time and place of the hearing to be held on the complaint, which time shall be not less than thirty days nor more than sixty days after said notice. The hearing may be conducted by the commission or by a hearing officer appointed by the commission in writing. The banks which are the parties to the proceeding shall be

entitled to be represented by counsel, and a transcript of the hearing shall be made. The commission, the hearing officer and the parties to the proceeding may issue subpoenaes to compel the attendance of witnesses and the production of documents. The commission may establish other rules of procedure, not inconsistent with this act, to govern the proceedings. If the hearing is conducted by a hearing officer, he shall in writing state his findings and make a recommendation to the commission, and shall send copies of his findings and recommendation to the parties. The commission may permit the parties to object, either by oral argument or in writing, to the hearing officer's findings and recommendation. The commission, after consideration of all evidence and arguments adduced, including the findings and recommendation of the hearing officer and objections thereto, shall render its decision in writing and shall issue an appropriate order based thereon. The commission's order may dismiss the complaint, grant the relief requested, or grant such other relief and impose such limitations upon the acceptance of new demand deposit accounts by the savings bank at the office referred to in the complaint as the commission may deem appropriate. The commission shall send a copy of such decision and order to the parties to the proceedings. The savings bank against which an order under this section is made may apply to the commission for revocation or modification of such order on the grounds of a change of circumstances, and a hearing shall be held upon said application in accordance with the procedures provided for in this section, and thereafter the commission shall render such order as it may deem appropriate. (b) If, after filing of the complaint by a commercial bank and before a final decision is made, the banking commission shall determine that timely action is necessary in order to prevent a diminution of the earnings of the commercial bank so substantial as to jeopardize its solvency or ability to continue to do business, the commission may on its own initiative issue a temporary order requiring the savings bank to cease and desist from accepting new demand deposit accounts at the office referred to in the complaint. Such order shall become effective upon

service upon the savings bank and, unless set aside or modified by a court, shall remain in effect until the final decision of the commission. A savings bank served with a temporary cease and desist order may apply to the superior court for the county in which the main office of the savings bank is located for an injunction setting aside, limiting or suspending the enforcement of such temporary cease and desist order.

Sec. 8. The provisions of this act shall not apply to any savings bank authorized by its charter to receive special accounts without interest and to permit its depositors to draw checks against such accounts, and which has been doing so since before January 6, 1971.

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[redacted]

ASSETS OF ALL COMMERCIAL BANKS, BY INSURANCE STATUS AND CLASS OF BANK, BY STATE AND OTHER AREAS, DEC 31, 1971 (Amounts in thousands of dollars)

ASSETS	CONNECTICUT INSURED COMMERCIAL BANKS TOTAL
CASH, RESERVES, BALANCES WITH BANKS, AND COLLECTION ITEMS - TOTAL	
Currency and coin	843,391
Reserve with Federal Reserve banks (member banks)	121,916
Demand balances with banks in U.S. (except domestic branches of foreign banks)	153,215
Other balances with banks in United States	223,295
Balances with banks in foreign countries	48,376
Cash items in process of collection	4,657
	392,304
INVESTMENT SECURITIES - TOTAL	1,517,785
U.S. Treasury securities	327,849
Securities of other U.S. Government agencies and corps	101,987
Obligations of States and subdivisions	1,022,460
Other securities	65,568
TRADING ACCOUNT SECURITIES	22,636
FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	111,495
OTHER LOANS AND DISCOUNTS - TOTAL	
Real estate loans - total	3,701,774
Secured by farmland	1,370,300
Secured by residential properties:	1,877
Secured by 1- to 4-family residential properties:	
Insured by Federal Housing Administration	41,623
Guaranteed by Veterans Administration	12,555
Not insured or guaranteed by FHA or VA	851,817
Secured by multifamily (5 or more) residential properties:	
Insured by Federal Housing Administration	7,845
Not insured by FHA	25,503
Secured by other properties	377,500
Loans to domestic commercial and foreign banks	13,950
Loans to other financial institutions	130,480
Loans to brokers and dealers in securities	24,944
Other loans for purchasing or carrying securities	8,248
Loans to farmers (excluding loans on real estate)	5,670
Commercial and industrial loans (incl. open market paper)	1,033,649
Other loans to individuals - total	1,010,223
Passenger automobile installment loans	241,008
Credit cards and related plans:	
Retail (charge account) credit card plans	83,732
Check credit and revolving credit plans	10,992
Other retail consumer installment loans:	
Mobile homes, not including travel trailers	9,661
Other retail consumer goods	79,910
Residential repair and modernization installment loans	52,038
Other installment loans for personal expenditures	107,219
Single-payment loans for personal expenditures	409,157
All other loans (including overdrafts)	137,716
TOTAL LOANS AND SECURITIES	7,353,649
Bank premises, furniture and fixtures, and other assets representing bank premises	131,830
Real estate owned other than bank premises	2,507
Investments in subsidiaries not consolidated	412
Customers' liabilities on acceptances outstanding	12,432
Other assets	34,784
TOTAL ASSETS	8,396,995

LIABILITIES & CAPITAL ACCOUNTS OF ALL COMMERCIAL BANKS, BY INSURANCE STATUS & CLASS OF BANK, BY STATE & OTHER AREAS, DEC 31, 1971 (Amounts in thousands of dollars)

LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS	CONNECTICUT INSURED COMMERCIAL BANKS TOTAL
DEPOSITS AND PERSONAL DEPOSITS - TOTAL	6,727,037
Individuals, partnerships, and corporations - demand	2,430,890
Individuals, partnerships, and corporations - time	2,225,170
Savings deposits	1,402,798
Deposits accumulated for payment of personal loans	95
Other deposits of individuals, partnerships, and corps.	818,379
Certified and officers' checks, letters of credit, travelers' checks, etc.	75,805
GOVERNMENT DEPOSITS - TOTAL	641,836
United States Government - demand	140,326
United States Government - time	42
States and subdivisions - demand	165,208
States and subdivisions - time	336,260
DOMESTIC INTERBANK DEPOSITS - TOTAL	169,576
Commercial banks in the United States - demand	138,237
Commercial banks in the United States - time	916
Mutual savings banks in the United States - demand	30,221
Mutual savings banks in the United States - time	200
FOREIGN GOVERNMENT AND BANK DEPOSITS - TOTAL	5,498
Foreign governments, central banks, etc. - demand	0
Foreign governments, central banks, etc. - time	199
Banks in foreign countries - demand	5,299
Banks in foreign countries - time	0
TOTAL DEPOSITS	7,544,339
Demand	3,015,443
Time	3,569,096
MISCELLANEOUS LIABILITIES - TOTAL	272,820
Federal funds purchased (borrowed) and securities sold under agreements to repurchase	72,913
Other liabilities for borrowed money	386
Mortgage indebtedness	7,502
Acceptances outstanding	12,822
Other liabilities	179,523
TOTAL LIABILITIES	7,817,363
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	0
RESERVES ON LOANS AND SECURITIES - TOTAL	47,925
Reserve for bad debt losses on loans	47,053
Other reserves on loans	466
Reserves on securities	407
CAPITAL ACCOUNTS - TOTAL	481,322
Capital notes and debentures	78,827
Equity capital - total	481,820
Preferred stock	0
Common stock	111,710
Surplus	252,350
Undivided profits	91,491
Reserve for contingencies and other capital reserves	463
TOTAL LIABILITIES, RESERVES, AND CAPITAL ACCOUNTS	8,346,593
MEMORANDA	
Demand deposits adjusted	2,935,332
Average of total deposits for the 15 calendar days ending with call date	7,449,788
Average of total loans for the 15 calendar days ending with call date	5,693,534
Unearned discount on instalment loans included in total capital accounts	857
PERCENTAGES	
OF TOTAL ASSETS:	
Cash and balances with other banks	19.2
U.S. Treasury securities and securities of other U.S. Government agencies and corporations	6.7
Other securities	17.9
Loans and discounts (including federal funds sold and securities purchased under agreements to resell)	50.6
Other assets	3.7
Total capital accounts	7.7
OF TOTAL ASSETS OTHER THAN CASH AND US TREASURY SECURITIES:	
Total capital accounts	9.9
NUMBER OF BANKS	62

ASSETS OF INSURED MUTUAL SAVINGS BANKS, BY STATE AND OTHER AREAS, DECEMBER 31, 1971 (Amounts in thousands of dollars)

ASSETS	CONNECTICUT
CASH, BALANCES WITH BANKS, AND COLLECTION ITEMS - TOTAL	91,531
Currency and coin	32,130
Demand balances with banks in the United States	28,777
Other balances with banks in the United States	17,523
Cash items in process of collection	13,111
SECURITIES - TOTAL	1,445,511
UNITED STATES GOVERNMENT AND AGENCY SECURITIES - TOTAL	331,832
Securities maturing in 1 year or less	59,434
Securities maturing in 1 to 5 years	166,161
Securities maturing in 5 to 10 years	56,072
Securities maturing after 10 years	50,165
CORPORATE BONDS	888,661
STATE, COUNTY, AND MUNICIPAL OBLIGATIONS	54,987
OTHER BONDS, NOTES, AND DEBENTURES	90,573
CORPORATE STOCK - TOTAL	479,458
Bank	177,865
Other	303,593
FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	85,740
OTHER LOANS AND DISCOUNTS - TOTAL	5,007,234
Real estate loans - total	4,759,340
Construction loans	180,579
Secured by farmland	3,387
Secured by residential properties:	
Secured by 1- to 4-family residential properties:	
Insured by Federal Housing Administration	611,952
Guaranteed by Veterans Administration	446,480
Not insured or guaranteed by FHA or VA	2,663,017
Secured by multifamily (5 or more) residential properties:	
Insured by Federal Housing Administration	99,944
Not insured by FHA	348,743
Secured by other properties	431,738
Loans to domestic commercial and foreign banks	4,233
Loans to other financial institutions	5,743
Loans to brokers and dealers in securities	0
Other loans for purchasing or carrying securities	138
Loans to farmers (excluding loans on real estate)	2
Commercial and industrial loans	28,165
Loans to individuals for personal expenditures	207,412
All other loans (including overdrafts)	1,976
TOTAL LOANS AND SECURITIES	6,517,885
Bank premises, furniture and fixtures, and other assets representing bank premises	53,344
Real estate owned other than bank premises	25,018
Investments in subsidiaries not consolidated	4,007
Other assets	31,674
TOTAL ASSETS	6,720,259

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LIABILITIES AND SURPLUS ACCOUNTS OF INSURED MUTUAL SAVINGS BANKS, BY STATE AND OTHER AREAS, DECEMBER 31, 1971 (Amounts in thousands of dollars)

LIABILITIES AND SURPLUS LIABILITIES	CONNECTICUT
DEPOSITS - TOTAL	4,130,724
Savings deposits	2,936,607
Deposits accumulated for payment of personal loans	0
Fixed maturity and other time deposits	1,194,116
SAVINGS AND TIME DEPOSITS - TOTAL	4,045,885
DEMAND DEPOSITS - TOTAL	52,919
MISCELLANEOUS LIABILITIES - TOTAL	54,462
Securities sold under agreements to repurchase	0
Other borrowings	15,323
Other liabilities	39,139
TOTAL LIABILITIES	4,193,186
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	0
SURPLUS ACCOUNTS	
SURPLUS ACCOUNTS - TOTAL	531,073
Capital notes and debentures	0
Other surplus accounts	531,073
TOTAL LIABILITIES AND SURPLUS ACCOUNTS	4,724,259
PERCENTAGES	
OF TOTAL ASSETS:	
Cash and balances with other banks	1.4
U.S. Government and agency securities	6.9
Other securities	16.6
Loans and discounts (including federal funds sold and securities purchased under agreements to resell)	75.4
Other assets	1.7
Total surplus accounts	7.9
OF TOTAL ASSETS OTHER THAN CASH AND U.S. GOVERNMENT OBLIGATIONS:	
Total surplus accounts	8.9
NUMBER OF BANKS	68

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Nineteen Hundred and Seventy-one Annual Report

Connecticut National Bank

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financial highlights

	1971	1970	% Change
Gross operating income	$26,355,292	$26,095,474	1.00%
Operating expenses	21,956,135	20,961,798	4.74%
Income before security gains	3,638,905	3,757,796	(3.16%)
Per share	2.54	2.62	(3.05%)
Net income	3,763,804	3,764,273	(0.01%)
Per share	2.63	2.63	–
Dividends paid	1,787,806	1,754,906	1.87%
Book value per share	19.01	17.87	6.38%
Number of shareholders	7,188	7,357	(2.30%)

averages for the year

In thousands of dollars:	1971	1970	% Change
Demand deposits	$183,216	$174,298	5.12%
Time deposits	184,558	166,248	11.01%
Loans	232,000	230,948	0.46%
Investments	116,790	96,076	21.56%
Total assets	412,101	382,865	7.64%

[picture omitted]

REPORT OF THE MANAGEMENT

REPORT OF THE MANAGEMENT TO THE SHAREHOLDERS, DIRECTORS, MEMBERS OF THE ADVISORY COMMITTEES, CUSTOMERS AND MEMBERS OF THE CONNECTICUT NATIONAL ORGANIZATION

It is a pleasure to present to our shareholders, customers, friends and staff our report on the operations of The Connecticut National Bank for the year 1971 – our 165th year in business. It is our hope that you will find it an informative review of our operations and significant developments.

It was a year of some difficulty in striving to produce results equal to or exceeding the previous year. During the year we saw margins narrow as interest rates fell and operating costs continued to increase. In addition, in the State of Connecticut some weaknesses continued to be evident in certain areas of business and unemployment ran higher than the national figures. In spite of this, the bank has recorded a modest growth in total assets and our earnings after security transactions have equaled last year's.

earnings

Gross operating income for 1971 totaled $26,355,292. Net operating income before security transactions amounted to $3,638,905 or $2.54 per share. Net income after security transactions and all charges amounted to $2.63 per share.

capital and dividends

The number of shares of common stock outstanding remains at 1,430,245, the same as year end 1970.

Total capital funds amount to $27,196,185 as compared to $25,565,424 a year earlier. During the year the Surplus Account was increased from $12,900,000 to $15,350,000 as a result of transfers totaling $2,450,000 from Undivided Profits. The book value of our common stock increased from $17.87 to $19.01. We distributed to our shareholders in dividends $1,787,806 which was at the rate of $1.25 per share, including a year end extra dividend of 5 cents per share.

bonds and securities

Bond profits for the year 1971 amounted to $198,916. Bond profits after taxes were $124,899 or 9 cents per share.

The average maturity of our government securities at the year end was 3 years 4 months. The average maturity of the entire portfolio, including municipal securities, was 2 years 9 months.

branch offices

Branching continues to receive our constant attention as well as the relocation and improvement of existing branch facilities. During the year two new offices were opened – one on Route 8 in Shelton and the other in Ansonia center. In addition, two temporary offices in New Milford, and Washington Plaza, Stamford, were relocated in modern permanent facilities. The bank is currently operating 51 offices in 25 cities and towns in the State – 41 in Fairfield County, 9 in New Haven County and 1 in Litchfield County.

new services

During the past year we were among the first in southern Connecticut to provide an equipment leasing service. This modern financing technique makes it practical to separate the productivity of equipment from the burden of ownership for large corporations as well as small businesses. Virtually any type of non-expendable equipment can be leased

thus conserving capital and releasing cash for greater return.

We have expanded our efforts in the international banking field on behalf of those businessmen in the southern Connecticut area who are now or considering becoming engaged in international trade. An international department within the bank's corporate division has been established to assist customers in their international financial needs and developing new business in the international field. As more businessmen come to full realization of the great number of untapped markets throughout the world, the bank is prepared to assist them in effecting the financial aspects of this trade in order to insure maximum profitability.

In 1972 the bank will continue to work with businessmen to increase sales overseas. Our hope is that there will be further cooperation between government and business to create a more favorable trade balance for the country as a whole.

Among other important matters, of course, is our plan to consolidate with the First New Haven National Bank. As you know, in July of last year this plan of consolidation was approved by the Comptroller of the Currency. On August 23 a suit was brought in the United States District Court in New Haven to prevent the consolidation. In the complaint it was alleged that it violated certain sections of the Clayton Act. After careful consideration, the Boards of Directors of both banks felt that the consolidation should be vigorously pursued. Both banks continue to feel that the consolidation does not represent banking concentration, does not eliminate potential competition, but is in the interest of the convenience and needs of the public. I have been both heartened and encouraged by the many shareholders who have urged that we pursue this consolidation.

We have been faced with a critical need for additional space in recent years. Since complete occupation of our main office building in May, 1966, the number of our banking offices has increased 25%, our total assets 40%, and the number of customers by 40%. In anticipation of this need, the small building immediately adjacent on Main Street was acquired in October, 1968. Then followed a study covering a period of a year and a half of our requirements for the present and future. Toward the middle of this year, we will undertake a program to remodel our present building and construct an addition on the adjacent property. In addition to the critical need for space, it is felt that the program will mean more efficient operations in a modern and up-to-date plant.

During the year two new members were elected to the Board of Directors – Robert B. Kurtz and Roger W. Gunder. This maintained the Board at twenty-four members. Owing to age requirements established by the Board of Directors during the year, six members of the present Board are not eligible for nomination at this year's annual meeting. The proxy material will list eighteen nominees for election. In establishing the number at eighteen, we are mindful of the fact that we have pending the consolidation with the First New Haven National Bank. The resulting bank

provides for a Board of Directors of twenty-five members; thirteen of whom will be from the Board of Connecticut National.

It was a sad year, indeed, for the bank in the loss of three Directors – W. Raymond Flicker, January 8; Lewis A. Shea, June 7; and Austin R. Zender, December 30.

Mr. Flicker had served as a Director since 1940 and was also a member of the Executive Committee. Mr. Shea joined the bank in 1931 and served as its President from 1943 until his retirement in 1967. He served as Chairman of the Board of Directors and Chairman of the Executive Committee until his death last last year. Mr. Zender was elected to the Board in January, 1960, and also served on the Executive Committee. He served as Acting Chairman of the Board from July of last year until his death. These men were tireless in their dedication to the affairs of the bank and will be greatly missed.

I am ever mindful of the fact that the year's results presented here are due to the continuing interest and dedicated efforts of many – shareholders, directors, advisory boards and staff. For their loyalty and support I am deeply grateful.

Respectfully,

Alexander Hawley

Alexander Hawley
President

community involvement

Connecticut National Bank is concerned and involved in the affairs of the communities it serves. We feel that a bank should not only lend its financial support and leadership to the community, but also must become involved in social and living improvements for all. During the past year, we at CNB have been more involved in community work than ever before, and from this involvement we are continuing to learn more about the problems and how to better work toward their solutions. Your Bank has to be more than just a financial institution lending funds; it has to be involved in the state of health of the communities it serves. We have an obligation to play an important role in solving community ills. Businesses, including banks, must have resources to improve its services, to develop new services and new markets and to maintain the integrity of whatever it makes or does. On occasion there is over-emphasis on profit as a means of measuring effectiveness. Granted, profit is a necessary incentive that motivates investors to commit their money. In the long pull, nobody can realize profits or have any meaningful use for profits — if our communities or our entire society is wracked by tensions.

The people of CNB continued to serve as an active catalyst in efforts of the Bank, the communities, public agencies and civic groups — engaging human and material resources in a growing number of programs to help make the area a better place for all its people. No one bank or banks in general, individual or business can solve all of the community's

problems by themselves, however we must be diligent in our efforts to develop ways which are consistent with the long-range best interests of stockholders, customers, as well as beneficial to society at large.

For example, we are proud of the assistance we are able to give to the many municipalities we serve. For example, we have acted as certifying and paying agent in the handling of the City of Bridgeport's General Obligation Bonds. This funding is used to support many far-reaching improvement programs that benefit everyone in the entire Southwestern Connecticut area. Industrial Renewal Projects are bringing more jobs to the area, while Neighborhood Renewal Programs are making better and more housing available to the workers. Bridgeport leads the state in providing housing sites. Proper housing and good jobs are of vital importance if we are to have healthy communities. CNB through its many facilities is assisting in these programs as well as others such as: commercial renewal, schools, ecological projects, traffic and transportation, human affairs, and many others. The Bank's concern is felt in every community in Southwestern Connecticut, and even farther afield.

Connecticut National Bank's concern and support of minority group enterprise has been actively demonstrated locally in the Urban Coalition, National Alliance for Business Men, Project "OWN," and the Program for Work – "JOBS." Opportunity has been offered . . . where it previously didn't exist.

The Bank's involvement goes beyond its immediate marketing area. Late last fall we were invited to participate in a program aimed at helping the nation's minority banks. This innovative plan, called Minbanc, is under the auspices of the American Bankers Association. We quote from a letter received from the president of that Association, Mr. Clifford C. Sommer:

"The new corporation has been created on the basis of sound business principles, not charity. The company will be run by a top caliber management team of distinguished retired bankers. Minbanc will invest needed capital in non-voting securities of minority-owned banks which have been in operation at least three years. Minbanc provides an opportunity which will enable minority banks to exert a positive influence of sound financial leadership in the minority community."

"We belive Minbanc is an innovative answer to the urgent need to bolster an important segment of banking."

We have joined with many other banks across the Country to support this undertaking, because it brings opportunity to the people.

The communities, state and nation we serve are made up of people, and people represent our greatest asset. How well we deal with people determines the effectiveness and acceptability of our bank. This axiom is becoming increasingly important because of the transitionary period we've been witnessing. These are the reasons we've chosen Connecticut National Bank's community involvement as the theme for this annual report. As we concentrate on serving our communities, and assisting with their civic problems, we diligently serve their banking needs – of the individual and business. Our personal banking services continue to attract new customers. Expanding and improving these services continues to be one of the Bank's foremost objectives. There are compelling reasons for this . . . as we serve more people and serve them better, we are performing a beneficial service to

[picture omitted]

improve their quality-of-life.
We have a great faith and belief in the market system in America. It is directed toward and oriented to the individual . . . releasing his energies and abilities rather than shackling them.
During the past year the individual on the staff of CNB was spotlighted, and afforded opportunities never before offered. The individual staff member energetically accepted the challenge and opportunity provided by the Bank's Incentive Plan. The highly successful results of this program meant more than added business for the Bank . . . it meant that the individual employee was more deeply involved and responsible than ever before in the Bank's history. The keystone of any successful business is integrity and service, and the individual at Connecticut National Bank has shown brilliantly in fostering these important elements during the past year. This excellence in performance is to be highly commended.
CNB continues to draw heavily upon the awareness, wisdom and experience of its Directors and Advisory Directors. These responsible citizens know their communities and are able to play an important part in helping to make the Bank's community involvement more meaningful. In addition to these civic-minded people the community involvement of our officers and staff becomes greater every year. The activities of these dedicated people are hard to tabulate, but we are heartened by their participation within the community.
Connecticut National Bank is deeply concerned about the environment in the communities it serves. We believe that it is one of the most serious problems the community faces today. Environment is not just one element. It is the whole interrelated cluster of problems such as: ecology, pollution, over-population, urban blight, mass transit, congestion, crime and the many symptoms we hear, taste, smell, see and feel. CNB is alert and aware of these problems and is ever mindful of ways it can be of assistance to the community. In addition to this corporate involvement, individual bank employees have also unselfishly devoted many hours of their personal time to this worthwhile movement. This is an example of taking effective action on a problem that was only recognized during the last decade.
Not all of the problems we face are related to the environment, social ills or the community. One of the most serious of these is the upward threat and pressure of prices and wages which reflect in a corresponding depreciation of purchasing power. Among those most cruelly affected are those on fixed incomes – the elderly and retired. Inflation is a serious detriment to the normal investment process whereby people delay the spending of money for future security and purchasing power to buy essential goods and services. We support all worthwhile anti-inflationary moves.
We as a bank realize that we are stewards of other people's money, and exercise every vigilance in the use of funds. We must honor this fact, but still not hide behind fiduciary responsibility as a shield for not fulfilling our community responsibility. We must continue to make every effort to gain accurate knowledge of what the community problems are and how we can best assist in helping the officials, townspeople, commercial interests, civic organizations and others to solve them. The various desires and divergent interests of various sectors must be balanced to avoid injustice to any, whether by age, race, geographic region or economic condition. It is especially

[picture omitted]

important and necessary that special vigilance be taken to protect civil and property rights of individuals. We believe that private opportunity and ownership should be fostered and enhanced rather than abrogated. All Americans must be confident that they will have equal opportunity to work and to be compensated on their individual ability and willingness to work. Connecticut National Bank's community involvement has revealed that some segments of our communities require special assistance to participate fully in the mainstream of contemporary life. We must all take the responsibility for helping these people take their rightful place in society and the economy. Barriers and prejudice must be eliminated.

One of the most persistent problems confronting communities is that of adequate housing. This problem is not new: the last seven Presidents and nineteen Congresses and other uncounted officials have strained to find a solution, but there are still some six million families occupying housing that falls below the minimum standards of decency in our society. Connecticut National Bank works with individuals, businesses and governments to improve housing conditions in communities it serves all over Western Connecticut. The Bank has over ninety-six million dollars working for home ownership. We know that where there is a high degree of home ownership – there is greater economic and social stability. A family in its own home has a greater measure of self-respect and self-sufficiency, increased pride and security, and a reinforced sense of being a part of the community.

There is hardly a social or economic element of community life that is not touched by CNB. For example, the Bank assists with school building programs within the communities and is one of the major education loan lenders in the area, and to further help the student we offer college students free checking account services as well as advice and all of our regular financial services. After the student has graduated, CNB will be there to help with the building, buying, or acquisition of a place to live. Should the student go into business for himself or work for another, CNB will be there to help the business with its financial problems. To make the individual's personal life more enjoyable, CNB will be there with such services as charge cards, auto and all types of loans for better living. As the person grows older CNB is there to help with investments and trust services and estate planning. When this customer is sixty-five or older CNB offers free checking account services. AND, all of the time this has been transpiring, CNB has been there to work with the community by assisting with its financial projects such as Urban Renewal, Housing, Commercial and Industrial Development, Environmental Improvements, and assisting with Transportation and Traffic Improvements. Connecticut National Bank is involved in the humanities such as the building and improvement of hospitals, providing opportunity to minority groups and minority businesses. Your Bank helps worthwhile charity groups through its contribution program and many of the Bank's personnel serve in important capacities in these important causes. These activities and their benefits are felt all over Western Connecticut.

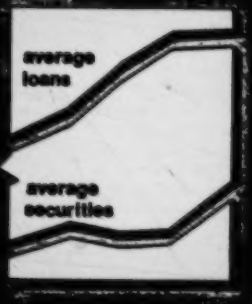
YES, Connecticut National Bank is involved in the quality-of-life in the communities it serves, and is dedicated to assisting these communities in every possible manner.

1807

financial survey

overview

sources of funds



earnings performance

uses of funds

statement of condition

	December 31	
resources:	[illegible]	1979
Cash and due from banks	$ 38,728,437	$ 39,771,891
U. S. Treasury securities	24,843,382	24,332,946
Obligations of states and political subdivisions	96,171,825	95,817,887
Other securities	5,513,817	
Total investment securities	126,528,824	119,948,833
Loans	238,416,203	228,632,944
Stock of Federal Reserve Bank	634,500	601,200
Bank premises and equipment	7,507,389	7,021,946
Other assets	2,595,478	2,881,333
Total resources	$414,210,879	$398,838,056
liabilities:		
Demand deposits	$187,322,404	$188,122,993
Savings deposits	124,248,156	121,431,284
Time deposits	52,291,692	52,079,895
Total deposits	363,862,252	361,634,172
Interest collected not earned	4,823,100	4,757,380
Reserve for taxes and other expenses	2,551,115	2,381,135
Other liabilities	1,182,217	1,066,774
Total liabilities	383,418,934	369,838,056
Reserve for possible loan losses	3,595,700	3,433,000
capital funds:		
Common stock, $5.00 par value:		
Authorized – 1,900,000 shares		
Outstanding – 1,430,245 shares	7,151,225	7,151,225
Surplus	15,350,000	12,900,000
Undivided profits	4,694,960	5,514,775
Total capital funds	27,196,185	25,565,400
Total liabilities, reserve and capital funds	$414,210,879	$398,838,056

See notes to financial statements

1809

statement of income

	1971	1970
operating income:		
	$18,151,025	$18,732,[illegible]
	1,408,971	1,276,[illegible]
	3,451,091	2,866,[illegible]
	283,399	279,[illegible]
	852,470	617,[illegible]
	1,487,497	1,396,[illegible]
	739,839	834,[illegible]
	26,355,292	26,095,474
operating expenses:		
	7,062,320	6,580,002
	964,958	926,807
	7,400,397	7,383,172
	230,410	224,[illegible]
	1,296,506	1,232,61[illegible]
	905,350	831,27[illegible]
	441,573	253,90[illegible]
	3,821,824	3,749,89[illegible]
	21,956,135	20,861,79[illegible]
	4,399,157	5,233,[illegible]
	535,237	1,110,[illegible]
	225,015	289,[illegible]
	760,252	1,376,880
	3,638,905	3,856,[illegible]
	124,899	1,47[illegible]
	$ 3,763,804	$ 3,764,27[illegible]
Earnings data per common share (based on average number of shares outstanding):		
Income before nonrecurring items	$2.54	$2.62
Net income	$2.63	$2.63

See notes to financial statements.

capital accounts

statement of changes in capital funds for the years ended December 31, 1970 and 1971

	common stock	surplus	undivided profits
Balance December 31, 1969	$7,151,225	$12,650,000	$3,985,496
Net income			3,764,273
Transfer to reserve for loan losses, net of related income tax reduction of $250,690			(230,683)
Transfer to surplus from undivided profits		250,000	(250,000)
Cash dividends paid – $1.25 per share			(1,745,809)
Cash dividends paid by The Atlantic National Bank prior to merger			(9,100)
Balance December 31, 1970	7,151,225	12,900,000	5,514,199
Net income			3,763,804
Transfer to reserve for loan losses, net of related income tax reduction of $225,015			(345,237)
Transfer to surplus from undivided profits		2,450,000	(2,450,000)
Cash dividends paid – $1.25 per share			(1,787,806)
Balance December 31, 1971	$7,151,225	$15,350,000	$4,694,960

reconciliation of funds

statement of changes in financial position

	for the years ended December 31	
	1971	1970
financial resources were provided by:		
Net income for the year	$ 3,763,804	$ 3,764,273
Adjustment for non-cash expenses:		
Depreciation and amortization	549,074	532,182
Premium amortization on securities	332,928	242,197
Provision for losses on loans	441,573	233,903
Provision for deferred taxes	225,015	259,690
	5,312,394	5,032,246
Decrease in cash and due from banks	1,042,564	6,185,048
Decrease in federal funds sold		2,525,000
Increase in deposits	13,028,149	25,779,102
Other, net	338,982	
	$19,722,089	$39,521,396
financial resources were used for:		
Increase in securities	$ 6,912,170	$34,863,525
Increase in loans	9,987,190	969,966
Increase in bank premises and equipment	1,034,923	706,611
Cash dividends paid	1,787,806	1,754,906
Other, net		1,226,388
	$19,722,089	$39,521,396

See notes to financial statements

notes to financial statements

NOTE 2.

NOTE 3.

NOTE 4.

NOTE 5. BANK PREMISES AND EQUIP

NOTE 6.

NOTE 7.

NOTE 8. COMMITMENTS AND CONTIN

NOTE 9.

opinion of independent accountants

[illegible]
[illegible]
January 12, 1972.

PRICE WATERHOUSE & CO.

To the Board of Directors and Stockholders of The Connecticut National Bank

In our opinion, the accompanying statements of condition and the related statements of income and of changes in capital funds and of changes in financial position present fairly the financial position of The Connecticut National Bank at December 31, 1971 and 1970, the results of its operations and changes in capital funds and in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

statistical summary

year end balance sheet statistics (in thousands)

December 31st	Investment Securities	Loans	Total Resources	Demand Deposits	Time Deposits	Capital Funds
1962	64,403	116,862	220,466	136,889	72,748	13,474
1963	73,702	128,434	246,460	137,921	88,901	13,944
1964	72,946	143,522	258,845	135,437	96,739	17,782
1965	79,991	166,825	283,249	136,423	115,389	18,629
1966	71,757	178,409	304,741	149,709	125,987	19,497
1967	98,766	182,865	328,945	159,457	138,989	20,490
1968	105,290	208,730	365,190	178,236	154,405	21,764
1969	85,328	227,483	370,709	157,418	148,457	23,787
1970	119,990	226,823	399,838	169,123	173,511	25,566
1971	126,529	236,416	414,211	167,122	167,540	27,199

daily average balance sheet statistics (in thousands)

	Investment Securities	Loans	Total Resources	Demand Deposits	Time Deposits	Capital Funds
1962	60,880	108,366	211,235	118,010	70,330	13,494
1963	66,183	123,028	239,973	123,618	80,304	13,666
1964	73,149	134,838	249,080	134,907	93,435	17,130
1965	77,270	157,571	278,986	131,819	112,388	18,017
1966	73,881	173,775	294,082	136,874	122,822	19,098
1967	90,580	180,586	318,947	150,217	137,414	20,043
1968	98,777	192,238	343,036	168,328	150,782	20,985
1969	94,041	215,222	365,944	170,082	157,814	22,541
1970	96,078	230,946	382,985	174,298	166,348	24,482
1971	116,790	232,000	412,101	183,218	184,588	26,491

earnings statistics

	Operating Income	Operating Expenses	Pre-tax Earnings	Income Taxes	Income Before Securities Gains (Losses)
1962	10,836,022	8,375,899	2,260,323	853,423	1,406,900
1963	11,867,994	9,367,398	2,500,596	955,798	1,634,798
1964	13,045,667	10,460,829	2,585,038	763,282	1,821,756
1965	14,802,015	12,135,984	2,666,031	641,457	2,024,574
1966	16,577,792	13,445,257	3,132,585	875,336	2,257,220
1967	18,329,047	14,870,812	3,459,235	856,082	2,602,183
1968	20,348,783	16,228,544	4,120,239	1,164,228	2,956,011
1969	23,582,170	18,224,398	5,357,772	1,848,201	3,509,571
1970	26,096,474	20,961,796	5,133,678	1,375,880	3,757,798
1971	29,355,292	21,956,135	4,399,157	760,252	3,638,905

Figures for 1965 through 1970 have been restated to include Atlantic National Bank, acquired in 1970 on a pooling of interests basis. Atlantic's figures for prior years were not significant.

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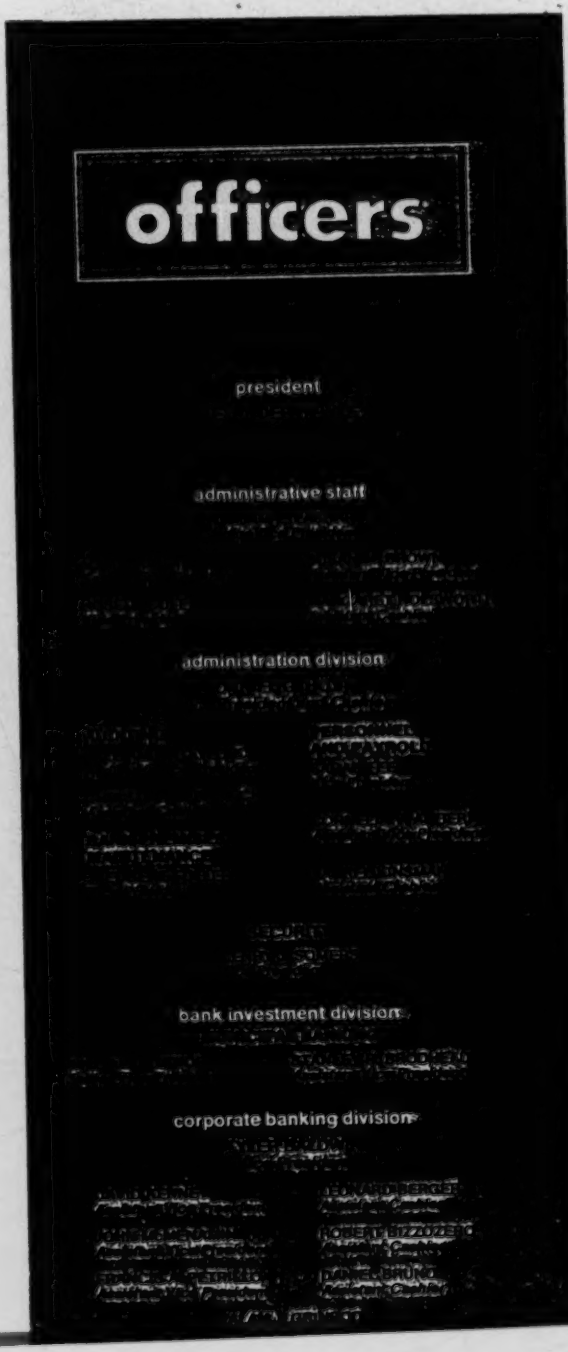
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bank investment division
corporate banking division

corporate planning division

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Division of Wolman Co., Inc.

Alva T. Cleg-Mors, General Manager,
Baker's Inc.

William T. Margiotta, Attorney at Law

Joseph J. Nast, Owner,
Nast's Pharmacy

George M. Oliver, President & General Manager,
Oliver's Supermarket, Inc.

RIDGEFIELD OFFICE

Ferdinand B. Bedini, Chairman
President, Vincent Bedini Company

Lee F. Cornell,
Real Estate and Insurance

Lewis J. Finch, President,
Lewis Finch Real Estate

Romeo G. Petroni, State Senator
Attorney at Law

Peter V. Vanity, D.D.S.

Joseph F. Young, Owner,
Young's Food Store

SHELTON OFFICE

Ralph A. Wheeler, Chairman
President, The Chromium Process Company

Earl B. Boles, President & Trust Officer,
The Seymour Trust Company

William F. G. Dawson, General Manager
UBM Corporation

Joseph R. DeMarco, Treasurer,
Shelton Hosiery Mills, Inc.

Louis Kreiger, President,
A. Kreiger, Inc.

Raymond P. Lavietes, President
Shelton Products, Inc.

Edward L. Miller

B. Leonard Polkowski, President
Wire Novelty Manufacturing Co.

Saul Steinman, Treasurer,
Saul Steinman Company, Inc.

Leon Talalay, Director of Manufacturing,
B. F. Goodrich Sponge Products Div. of
B. F. Goodrich Company

SOUTHBURY OFFICE

Gordon Schlelke, Chairman
President, Southbury Building Supply, Inc.

Lloyd D. Beach, President
D. F. Beach Packing Co., Inc.

Carleton K. Mathes, Attorney-at-Law

Edward A. Tappe,
Edward A. Tappe Agency

STAMFORD OFFICE

John J. Carlo, Chairman,
Business Manager,
Pacific Plumbing & Heating Supply Co., Inc.

Rocco J. Conetta,
Conetta Floor Covering Co.

Rocco S. Genovese,
President, Peoples Oil Co. of Stamford, Inc.
Treasurer, Genovese Supply Co.

retirements

Doris D. Baumann

Barbara Dainius

Matthew F. Holloway

Joan Litewnicki

Clare Monturo

Joseph Monturo

Hazel R. Morrisseau

Joseph Pena

Sylvestre C. Romance

Mary Spillane

Adeline M. Swanson

Virginia F. Wakeman

in memoriam

Joseph Burke

John N. Conway

Joseph DeMartino

Helen Geaney

Gilbert R. Hastings, Jr.

Evelyn Patenaude

Helen Pawlowicz

Lewis A. Shea

Dennis P. Tobin

[picture omitted]

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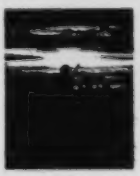
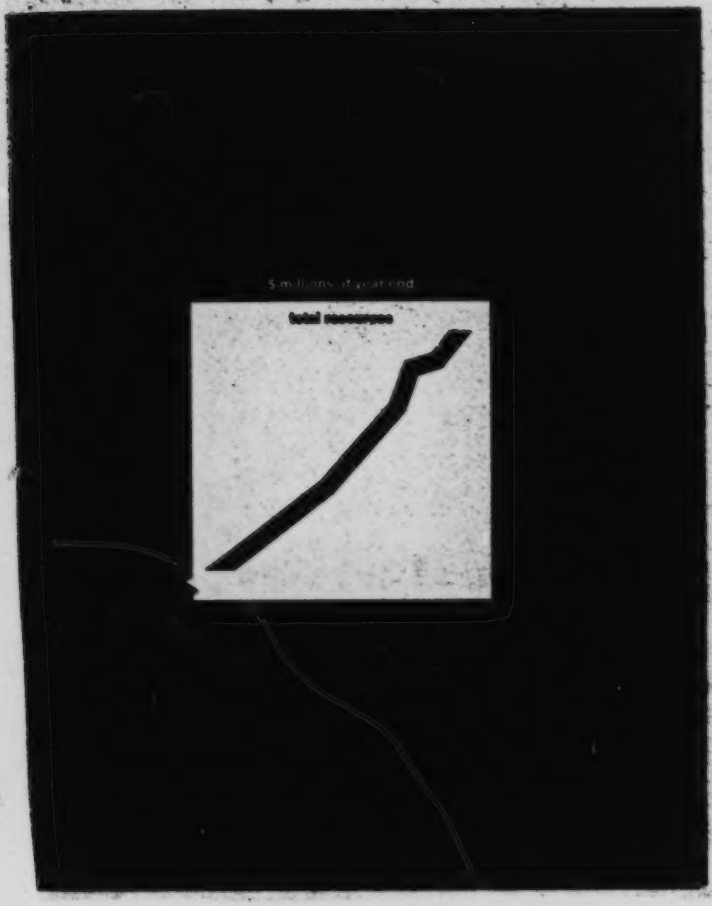


The theme of this 1970 CNB Annual Report is portrayed by Connecticut photographer Raymond Cicero, in his cover photograph of the Minute Man statue at dawn. This sunrise scene depicts the beginning of a new decade of progress and opportunity for Connecticut National Bank . . . its many people — customers, staff and shareholders.


$ millions at year end
total reserves

financial highlights

on a pooling of interests basis:	1970	1969	% Change
GROSS OPERATING INCOME	$26,095,474	$23,502,170	10.81%
OPERATING EXPENSES	20,961,798	18,234,398	14.95%
INCOME BEFORE SECURITY GAINS (LOSSES)	3,757,796	3,509,571	7.07%
PER SHARE	2.82	2.45	6.91%
NET INCOME	3,764,273	3,452,729	9.02%
PER SHARE	2.83	2.41	9.12%
DIVIDENDS PAID	1,754,906	1,578,849	11.16%
BOOK VALUE PER SHARE	17.87	16.63	7.45%
NUMBER OF SHAREHOLDERS	7,357	7,291	0.90%

averages for the year

in thousands of dollars:	1970	1969	% Change
DEMAND DEPOSITS	$174,298	$170,082	2.47%
TIME DEPOSITS	166,248	157,814	5.34%
LOANS	230,946	215,222	7.30%
INVESTMENTS	96,078	94,041	2.16%
TOTAL ASSETS	382,865	365,944	4.62%

report of the management

REPORT OF THE MANAGEMENT TO THE SHAREHOLDERS, DIRECTORS, MEMBERS OF THE ADVISORY COMMITTEES, CUSTOMERS AND MEMBERS OF THE CONNECTICUT NATIONAL ORGANIZATION

earnings

capital and dividends

The number of shares of common stock outstanding increased from 1,290,245 to 1,430,245 reflecting the issuance of 140,000 shares for the acquisition of the Atlantic National Bank.

Total capital funds at year end were $25,565,424 as compared to $23,786,720 the previous year. We distributed to our shareholders in dividends $1,754,906 which was at the rate of $1.25 per share, including a year end extra dividend of 5 cents per share.

deposits

At the end of the year, deposits totaled $361,634,172, an increase of $25,779,102.

loans and discounts

Demand for bank credit was strong during the first half of the year rising from $227,483,281 to $241,810,943 on June 30; at December 31 loans totaled $228,632,844.

bonds and securities

Nominal bond profits for the year 1970 amounted to $7,343. After tax adjustment, the profit amounted to $6,477.

The average maturity of our government securities at the year end was 3 years 5 months. The average maturity of the entire portfolio, including municipal securities, was 3 years ½ month.

Important developments during the year include our acquisition of the Atlantic National Bank in Stamford, and our plan to consolidate with the First New Haven National Bank in New Haven. Our Stamford merger made possible the entry of our bank into the rapidly growing Stamford market. This could only be achieved through merger owing to the provisions of State Branch Banking Law. Atlantic had four well located offices in the City of Stamford and should make a valuable contribution toward our future development.

In November, 1970 the Boards of Directors of your bank and the First New Haven National Bank, New Haven, unanimously approved a formal agreement to consolidate. We feel strongly that this consolidation represents the direction in which the banking industry in Connecticut should be and is moving. Each of our banks feels that this action is vital in improving and maintaining our competitive positions in present day Connecticut commercial banking. The First New Haven National is truly a fine bank with a long, long record of outstanding service to New Haven county, and we indeed feel fortunate that such a bank is consolidating with us. It is presently planned that special meetings of our shareholders to vote upon this proposal will be held in March. Proxy material describing in detail the plan of consolidation will be in the hands of shareholders shortly.

It is with the profoundest sorrow that we must record the death of W. Raymond Flicker on January 8, 1971. Ray, as he was known to so many, had been a Director of the bank since January, 1940. His dedication to his position as a Director and Member of the Executive Committee was of the highest order. He paid close attention to his responsibilities and gave frequently of his wise counsel in the administration of the affairs of the bank. He will be sorely missed by management.

In conclusion we should like to thank the shareholders, directors, advisory boards, officers and staff for their diligent support and loyalty during the year. Without this the results recorded here would not have been possible and for this reason we feel very much in their debt.

Respectfully,

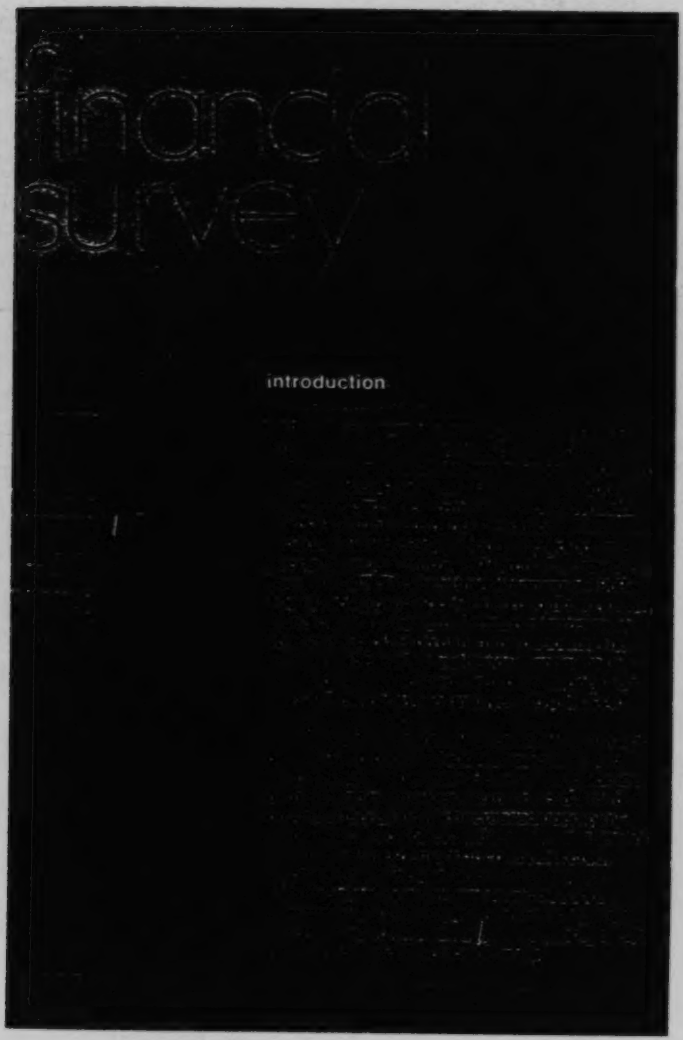
Lewis A. Shea

LEWIS A. SHEA
Chairman of the Board

Alexander Hawley

ALEXANDER HAWLEY
President

Bridgeport, Connecticut

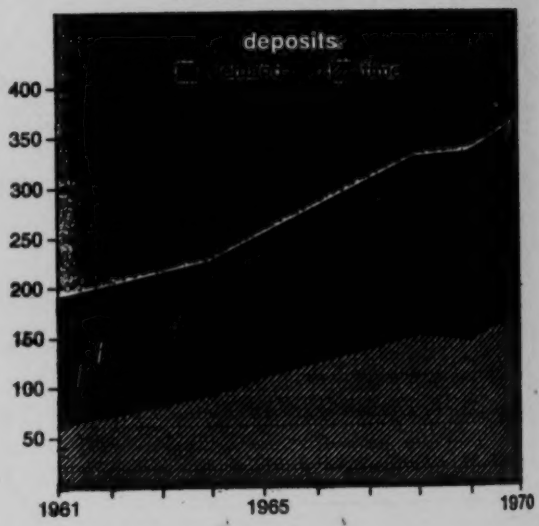

financial
survey
introduction

sources of funds

On average during 1970, the bank's funds were provided as follows: 89% by deposits, 7.2% by capital funds and reserves, and 3.8% by other liabilities. Average total deposits were $340.5 million, an increase of 3.8% over $327.9 million in 1969. Our experience as the year progressed reflected the Federal monetary policies outlined above. Average deposits through June, including those of Atlantic National Bank, were $319 million. Beginning in July, demand deposit growth and the sudden inflow of certificate of deposit funds combined to increase average deposits for the second half of the year to $355.7 million.

For all of 1970, demand deposits represented 51.2% of total deposits on average, and time deposits 48.8%. Comparable figures for 1969 were 51.9% and 48.1%, respectively.

$ millions at year end



uses of funds

Our experience with loan demand in 1970 also mirrored monetary and general economic conditions. Only modest gains in business loans (up $240 million) occurred in the second half of the year ($1,223 million on December 31), the net run-off was a direct result of curtailing business loan demand.

The story can also be told in terms of the banks' deposits. While the institution ended 1970 with average deposits 6.8% higher than a year earlier, the average rise for the first quarter was 7.2%, for June 6.0%, for December 5.8%—indicative of the sequence of events as the year unfolded. A more expansive monetary policy together with the general business slowdown had improved the liquidity of the banking system. For the first eight months of the year, however, the banks were tighter than they were on average in 1969, the rest of the famous credit crunch.

	January	June	December
Cash			
Securities			
Loans			
Other assets			

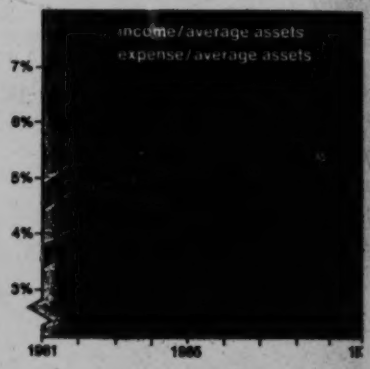
$ millions at year end

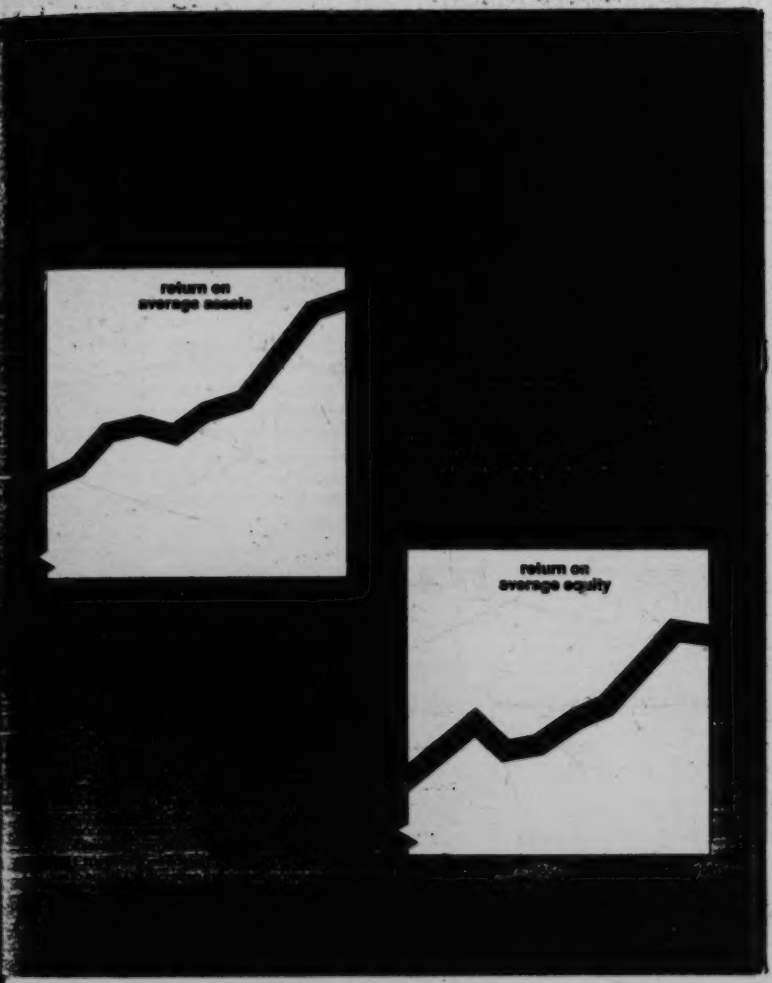
1830

earnings performance

Operating earnings, before giving effect to securities transactions, were $3,757,796 for 1970, an increase of 7.1% over earnings of $3,508,671 for 1969, including the results for Atlantic National Bank. Earnings have tripled in the last ten years, growing at an average annual rate of 12.77%. In terms of rates of return, the .96% return on average assets in 1970 was 55.5% above the 1961 level of .63%. The 16.36% return on average equity in 1970 was 61.2% above the 1961 level of 9.53%. The bank's performance for the last ten years with respect to these key indicators of profitability is shown in the accompanying graphs.

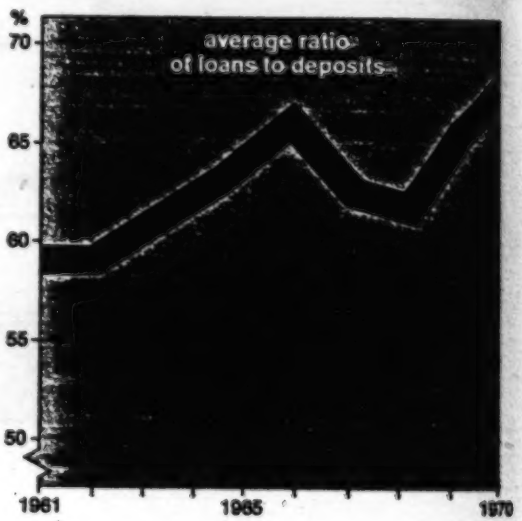
Both income and expenses continued to climb in 1970 in relation to average assets. Income was 6.8% of assets, up from 6.4% in 1969. Expenses were 5.5% of assets, compared with




return on
average assets
return on
average equity

capital position

Total capital funds were $25,585,424 at year end, an increase of $1,778,704 over $23,786,720 a year ago, as restated to include Atlantic National Bank. Year end book value per share of $17.87 represents an almost 50% increase in the last ten years. We take great pride in noting, according to a recent survey of our shareholder records, that our shareholder family includes residents of 44 states and 4 foreign countries.



financial statements

PRICE WATERHOUSE & CO.

[redacted]

January 18, 1971

To the Board of Directors and Stockholders of

The Connecticut National Bank

In our opinion, the accompanying statement of condition and the related statements of income and of changes in capital funds present fairly the financial position of The Connecticut National Bank at December 31, 1970, the results of its operations and changes in capital funds for the year in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Financial statements of The Connecticut National Bank for the year 1969 were not audited by us or other independent accountants and are included for comparative purposes only.

1834

statement of condition

December 31

	1970	1969
resources:		
Cash and due from banks		$ 45,853,000
U. S. Treasury securities		25,596,064
Securities of other U. S. Government agencies and corporations		2,000,000
Obligations of states and political subdivisions		57,729,064
Total investment securities		85,325,064
Loans		227,460,201
Stock of Federal Reserve Bank		562,500
Federal funds sold		2,855,000
Bank premises and equipment		6,847,711
Other assets		1,966,000
Total resources		$370,709,776
liabilities:		
Demand deposits		$187,417,910
Savings deposits		118,726,224
Time deposits		29,709,916
Total deposits		335,853,050
Interest collected not earned		4,570,300
Reserve for taxes and other expenses		1,679,700
Mortgage indebtedness		195,000
Other liabilities		1,155,000
Total liabilities		343,453,750
Reserve for possible loan losses		3,916,300
capital funds:		
Common stock, $5.00 par value:		
Authorized — 1,900,000 shares — 1970 1,400,000 shares — 1969		
Outstanding — 1,430,245 shares		7,151,225
Surplus		12,000,000
Undivided profits		3,985,451
Total capital funds		23,136,726
Total liabilities, reserve and capital funds		$370,709,776

See notes to financial statements

statement of earnings

	1970
operating income:	
	$18,732,984
	1,278,688
	2,955,951
	79,530
	817,691
	1,366,238
	834,392
	26,095,474
operating expenses:	
	6,580,002
	926,807
	7,383,172
	324,195
	1,232,511
	831,273
	233,903
	3,449,935
	20,961,798
	5,133,676
	1,116,190
	259,690
	1,375,880
	3,757,796
	6,477
	$ 3,764,273
	$2.62
	$2.63

capital accounts

statement of changes in capital funds for the years ended december 31, 1969 and 1970

	Common stock	Surplus	Undivided profits
Balance December 31, 1968	$7,101,520	$12,650,000	$2,012,274
Net income			3,452,729
Stock options exercised	49,705		147,814
Transfer to reserve for loan losses, net of related income tax reduction of $62,680			(46,673)
Cash dividends paid — $1.20 per share			(1,545,649)
Cash dividends paid by The Atlantic National Bank			(35,000)
Balance December 31, 1969	7,151,225	12,650,000	3,985,495
Net income			3,764,273
Transfer to reserve for loan losses, net of related income tax reduction of $259,690			(230,693)
Transfer to surplus from undivided profits		250,000	(250,000)
Cash dividends paid — $1.25 per share			(1,745,806)
Cash dividends paid by The Atlantic National Bank prior to merger			(9,100)
Balance December 31, 1970	$7,151,225	$12,900,000	$5,514,169

notes to financial statements

NOTE 1 MERGER WITH THE ATLANTIC NATIONAL BANK:

A merger of The Connecticut National Bank and The Atlantic National Bank was effected on April 10, 1970 pursuant to an agreement wherein 140,000 shares of common stock of The Connecticut National Bank were issued in exchange for the 70,000 shares then outstanding of The Atlantic National Bank. The merger has been accounted for as a pooling of interests and accordingly the 1969 financial statements have been restated to include the financial condition and results of operations of The Atlantic National Bank. As previously reported, The Connecticut National Bank had operating income of $22,353,150 and net income of $5,021,170 for the year ended December 31, 1969.

NOTE 2 INVESTMENT SECURITIES:

Investment securities are stated at cost, adjusted for amortization of premiums, or at cost if purchased at a discount. The approximate market value of securities at December 31, 1970 was as follows:

U. S. Treasury securities	$94,424,000
Obligations of states and political subdivisions	16,864,000
	$101,288,000

NOTE 3 ASSETS PLEDGED:

At December 31, 1970 assets with a book value of approximately $15,131,000 were pledged to secure public deposits and for other purposes.

NOTE 4 RESERVE FOR POSSIBLE LOAN LOSSES:

	1970	1969
Balance at beginning of year	$3,318,708	$3,228,350
Provision charged to operating expenses	333,583	336,327
Transfer from undivided profits	338,680	46,673
Deferred tax charged against income	259,690	62,680
	4,010,544	3,579,970
Less — Loans charged off, net of recoveries of $897,193 and $140,148	696,977	261,262
Balance at end of year	$3,423,567	$3,318,708

The provision for loan losses charged to operating expenses was computed by applying the average ratio of net charge-offs over the last five years to the average loans outstanding during these years. This amount, transferred from undivided profits and the related provision for deferred income taxes represents a provision in addition to the amount charged to operating expenses.

NOTE 5 BANK PREMISES AND EQUIPMENT:

Bank premises and equipment are stated at cost less accumulated depreciation and amortization which is credited directly to the related asset account. Depreciation and amortization charges for 1970 and 1969 amounted to approximately $532,300 and $504,000, respectively. Depreciation is provided on the basis of the estimated useful lives of the assets using accelerated and straight-line methods. Amortization is provided on the basis of estimated useful lives of the assets or term of leases, whichever is shorter, using the straight-line method.

NOTE 6 RETIREMENT PLAN:

The bank's retirement plans are noncontributory and cover substantially all full-time employees who meet certain age and length of service requirements. It is the bank's policy to fund actuarially determined pension costs as they accrue. Pension expense for 1970 was $586,500 (1969 — $553,400).

NOTE 7 STOCK OPTIONS:

At December 31, 1970, under the bank's qualified stock option plan, there were 34,500 shares of common stock available for future stock option grants, however, there were no options outstanding.

NOTE 8 COMMITMENTS AND CONTINGENT LIABILITIES:

At December 31, 1970 the bank was obligated under several leases for land and buildings used for banking purposes. The lease expense approximated $100,000. Substantially all of these expire in twenty years or less.

In the normal course of business there are outstanding various commitments and contingent liabilities, such as guarantees and commitments to extend credit, which are not reflected in the accompanying financial statements. The bank does not anticipate losses as a result of these transactions.

NOTE 9 PROPOSED CONSOLIDATION WITH THE FIRST NEW HAVEN NATIONAL BANK:

In December 1970 the Board of Directors of the bank formally approved an agreement of consolidation between The Connecticut National Bank and The First New Haven National Bank, the resulting association to be called The First Connecticut National Bank.

Under the terms of the proposed consolidation, shareholders of The Connecticut National Bank would receive 1 share of that of the new association for each of their present shares of The Connecticut National Bank. The First New Haven National Bank shareholders would receive 1.2 shares of the new association for each of their present shares of The First New Haven National Bank.

The proposed agreement of consolidation requires approval of the shareholders of both banks and of regulatory authorities.

statistical summary

year end balance sheet statistics (in thousands)

daily average balance sheet statistics (in thousands)

earnings statistics

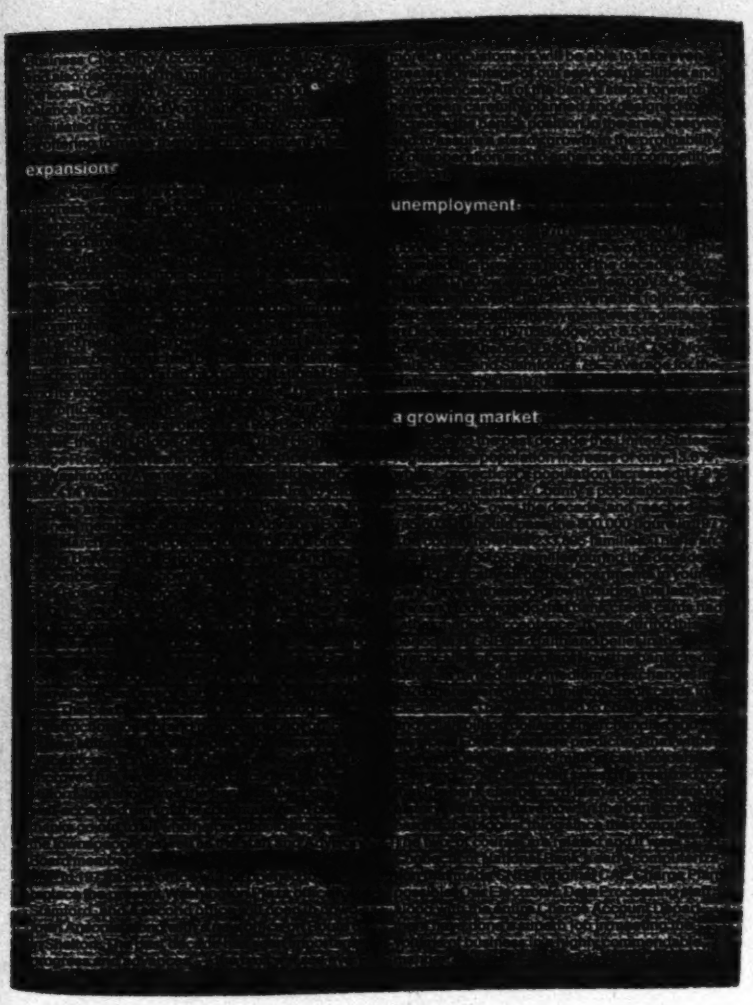
highlights

This 1970 Annual Report of Connecticut National Bank presents one of the bank's most successful years of operation, but it is more than that. It is a review of a decade of service and dedication to our customers. As we glance back we note that there has been a certain measure of human as well as economic unrest and sufferance of so called growing pains in the country. The problems of poverty — both rural and urban, among other things, have and will require sufficient financing and personal support in order to reach solutions. Connecticut National Bank will continue to play an important role in this regard. The bank is deeply concerned in the humanitarian aspects of the problem and will continue to participate. Senior officers of your bank are actively working for, and supporting, the Urban Coalition. Others are working with the coalition's administration. Staff members spent hundreds of hours actively working for the United Fund Campaign and the National Alliance for Business. When the Bridgeport Chamber of Commerce initiated a "Program for Work," in cooperation with the City of Bridgeport Board of Education, Connecticut National Bank was there to support their efforts with the hiring of people to help. Your bank has been constantly alert to opportunities to transmit information, concerning financial matters, to the communities it serves. An example was the enactment of the "Truth in Lending Law." On this occasion the bank met its responsibility with a series of seminars and radio programs in the interest of the public. Another example of meeting this obligation was the "Banking in America" series that was presented to the stockholders, employees and customers of the bank. Your bank is eager to cooperate with all schools and colleges in assisting the younger people to learn more about banking and the free enterprise system. Providing talks, tours and seminars for students is a commonplace event at the bank. Connecticut National Bank continues to be the second largest lender in the state in student loans, and fully cooperates with the Federal Student Loan Program. The many additional ways in which CNB assists the community in its problems are almost too numerous to mention but they include Red Cross Blood Banks, On-the-Job Training, Career Days and the many other ways we can be of service.

It seems that many problems of the decade were more acute as the decade came to a close, but despite these problems of grave concern to everyone it is heartening, in a sense, to realize that periods of revolution in the past have always preceded or have been followed by eras of accelerated progress in the humanities as well as in scientific accomplishment. With that thought in mind we consider this the dawn of an enlightened period — a time of looking ahead with the realization that the progress of the last decade forms an exceptionally worthy foundation for the rededication of Connecticut National Bank's continuing endeavor to better serve its customers with improved facilities, services, and personal treatment . . . this is our challenge for the new decade. Your bank will continue to meet its obligation to its individual as well as commercial and municipal customers with enthusiasm, expertise and renewed dedication. This period also calls for a reaffirmation of faith in mankind's ability to live together in harmony and with mutual consideration for the well being of each other.

Improved services

Connecticut National Bank is a forceful and active competitor for its share of the market. During the year it successfully penetrated the youth market in many ways. On March 9th a CNB office was opened on the University of Bridgeport campus. This progressive step was followed with the offering of "free" checking accounts to all full daytime students enrolled in colleges and universities anywhere in the country. The counterpart of this appreciated service was the offering of "free" checking accounts to anyone over sixty-five. The important savings market was reached in a number of different ways. Regular CNB Passbook Savings Account interest was increased from 4% to 4½ % per annum, while one-year CNB Savings Certificates were offered at 5½ % and two-year CNB Savings Certificates earned a high 5¾ % interest. Your bank met Demand Deposit competition effectively by increasing the Earnings Credit Allowance on


expansion
unemployment
a growing market

operation

During the past year all departments have turned in a splendid record. An important part of Connecticut National Bank's full banking service is the Trust Department, which offers a variety of family and personal financial services. It serves as an experienced advisor with a unique collection of services and understanding of the requirements of Connecticut residents. However, the scope and experience of this department are not only limited to our immediate service area, its customers and beneficiaries are found all over the United States and even in foreign countries. Business firms and organizations are becoming increasingly interested in the Trust Department's unusual ability to serve them, especially the administering and investing of funds of pension and profit sharing plans. Connecticut National Bank created a Master Retirement Plan for the self-employed which offers many tax advantages and is administered by the Trust Department. As the area grows and the bank expands, this department is becoming a more important factor.

marketing

Our marketing plan, designed to increase our share of the market, in our service area, consists of three related programs. A direct sales effort backed by training and materials to do an effective job. A carefully prepared and planned program of advertising and sales promotion, and the development of new and improved services based on the needs and desires of present and potential customers. Heavy promotion in practically all advertising media available in the market area, along with in-bank advertising and direct mail produced an increased number of customers doing business with Connecticut National Bank. An equally vital role in the business development of the bank has been the Operations Department along with the Branch Managers and the entire Connecticut National Bank staff. It takes the kind of performance they've turned in to gain new customers and to hold the present ones. It should be added here that our competition has become more alert, giving bank customers a wider choice. We have been able to maintain a strong competitive position because of the people associated with the bank. Their ideas, hard work and dedication are the reasons for our favorable position today, and they are the greatest asset we have. In addition to the staff and officers, CNB also draws heavily on the wisdom and experience of its Advisory Board members. These men have an acute sensitivity to the local scene which makes them a very valuable member of the CNB team. We thank them for their guidance in the past and look forward to the future with greater confidence because of their association with the bank.

past and present

"Yesterday this day was tomorrow — the dawn of the day we committed ourselves to improve." This quotation describes the theme for this 1970 Annual Report. During the coming year Connecticut National Bank will witness its sixty thousandth sunrise. During these 164 years, since 1806, the bank has been an active partner in the development of business and industry in the area. It has rendered a valuable service to the individual customers as well as being actively involved in the civic life of the communities it serves as well as the nation. Some of these years were chaotic — wars and revolutions along with over thirty-six depressions and recessions. Other years were glorious evidences of man overcoming hardships and scientific blockades. Throughout these years the bank has grown and expanded into its present size and capability to serve its customers. From its humble beginning in 1806 of serving a few Connecticut settlers it now serves twenty-six separate and individual communities. Each with its own characteristics and their people with their own demographics. One of the major factors in the bank's growth is the important realization that each community and its people must be understood as to their financial, civic, commercial, and personal needs and requirements. When this is understood the bank can achieve a higher degree of proficiency in serving these specialized needs.

future

Ours is an expanding and dynamic economic system. Banking occupies a central position in that system and it is impossible, therefore, to assume that banking will remain unchanged and untouched as all around it changes. Technological changes are revolutionizing banking and at the same time opening new vistas for financial services. Our future requires an ability to change to meet these changing conditions. Banking is a complex business constantly requiring new and sophisticated services, expensive new equipment and highly trained people.

The future outlook for CNB has never been more encouraging. Our people have the knowledge and the determination to make the bank an increasingly influential force in this dynamic region. Connecticut National Bank will bring imagination, competence and aggressiveness to the job of providing a high standard of service to the public with rewarding results to our shareholders.

THEODORE W. ATKINSON

THEODORE H. BEARD
EDWARD C. BULLARD*
EDWARD P. BULLARD

JOHN J. CARLO

ROWLAND H. COLEMAN

JOSEPH W. DOLAN*
SARGENT F. EATON
JOHN W. FIELD

RAY FLICKER

ROBERT M. GORDON

ALEXANDER HAWLEY

SAMUEL W. HAWLEY

OTTO W. HEISE

J. WALKER HILL*

MAURICE J. HOFFMAN

G. WESLEY HUBBELL

LEE S. JOHNSON*
THOMAS V. KASKIE*

WESLEY A. KUHRT

JOHN W. LEAHY*

NEWMAN M. MARSILIUS

FRED H. MERWIN*
CLIFFORD W. MILLS, M.D.*

H. BURLING NARAMORE*

ROGER E. REATH*

PAUL A. RUST

EDWARD O. SCHINE*

HUBERT H. SCHWERDTLE*

LEWIS A. SHEA

IGOR I. SIKORSKY*

FREDERICK B. SILLIMAN

WILLIAM S. SIMPSON

ALVIN C. SMITH*

HERMAN W. STEINKRAUS*
WALTER F. TORRANCE*

RICHARD H. VAN HORN
DeVER C. WARNER

BEVERLY H. WARREN

HENRY C. WHEELER

RALPH A. WHEELER*

AUSTIN R. ZENDER

officers

administration

LEWIS A. ENGMA,
Chairman of the Board and Chairman of the Executive Committee

J. WALKER HILL,
Chairman of the Trust Committee

ALEXANDER HAMILTON,
President

WILLIAM L. LASHAR,
Senior Vice President and Secretary of the Board of Directors

banking division

DANIEL G. HOYT,
Vice President and Cashier

MARY YURTIN,
Senior Vice President

TYLER BALDWIN,
Vice President

ROSE T. COPEK,
Vice President

L. EUGENE FULLER,
Vice President

HENRY J. SOMERS,
Vice President

SUSAN M. BROWN
Assistant Vice President

PROOF DEPARTMENT
ADELINE SHANNON
Vice President
THOMAS R. JAGOE
Assistant Cashier

DISCOUNT DEPARTMENT
JOAN M. CELLAR,
Assistant Vice President
MARY LOU DIORIO,
Assistant Cashier

LOUIS A. AUTUORI, JR.,
Assistant Cashier

MARGARET GENTILE,
Assistant Cashier

JEAN E. LITWINKO
Assistant Cashier

WILLIAM J. MAHON,
Assistant Cashier

ROBERT P. MILLER
Assistant Cashier

VIOLA G. VINCENT
Assistant Cashier

VIRGINIA T. WAKEMAN,
Assistant Cashier

PAYING AND RECEIVING DEPARTMENT
ALFRED S. KIRALY,
Assistant Cashier
JOHN J. SAPARITO,
Assistant Cashier
ROBERT F. WARD,
Assistant Cashier

COLLECTION AND FOREIGN
SOPHIE M. KUSICK,
Assistant Vice President

operations

WILLIAM C. PETERS,
Senior Vice President and Comptroller

COMPTROLLING
HAYES F. GIRARD,
Vice President and Assistant Comptroller

AUDITING DEPARTMENT
WILLIAM H. GAYLORD,
Auditor and Vice President
CHRISTIAN H. SASSICK,
Assistant Cashier

OPERATIONS
STEPHEN A. FOLEY,
Vice President
ANDREW R. CHIRNA,
Assistant Vice President

STATISTICAL
ERIC I. DAHOS,
Assistant Cashier

customer relations and marketing department

BRUCE W. TAYLOR,
Vice President

DAVID KENNEY,
Assistant Vice President

JOHN McMENAMIN,
Assistant Vice President

FRANCIS A. PETRILLO,
Assistant Vice President

LEONARD BERGER,
Assistant Cashier

ROBERT BIZZOZERO,
Assistant Cashier

DANIEL BRUNO,
Assistant Cashier

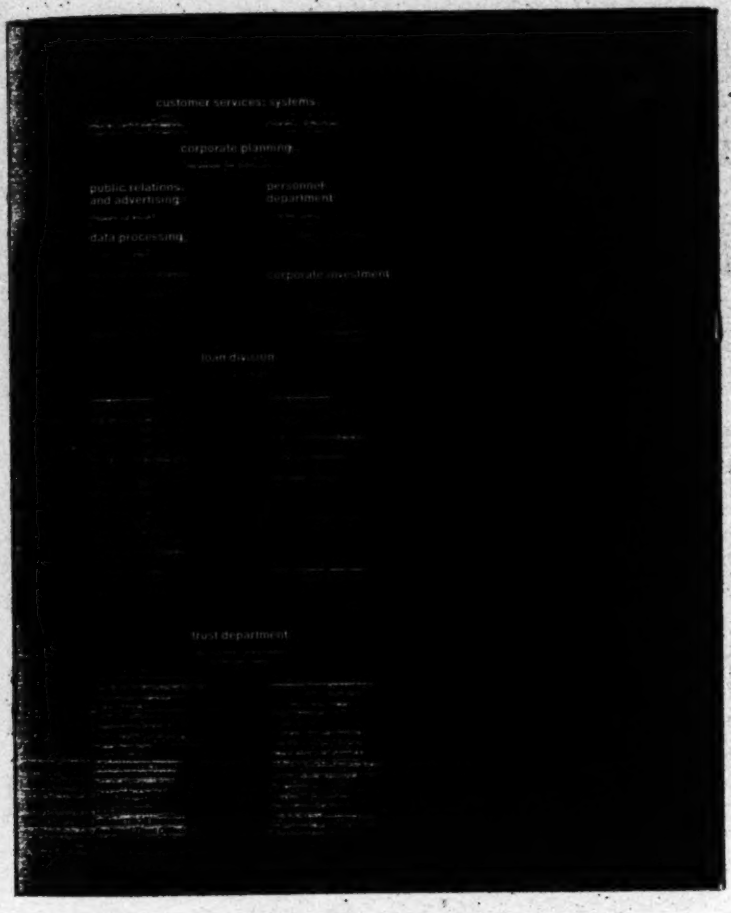
LORETTA W. DEMPSEY,
Assistant Cashier

ALAN J. GRINGROD,
Assistant Cashier

PETER STOCK,
Assistant Cashier

customer services: operations

DONALD L. JOHNSON,
Assistant Cashier


customer services: systems
corporate planning
public relations and advertising
personnel department
data processing
corporate investment
loan division
trust department

branch administration

EDWARD S. O'SHEA
Senior Vice President

FRANKLIN E. MURPHY,
Vice President

ANNA-MARIE KRETZ,
Assistant Cashier

ANSONIA
36 Pershing Drive
Joseph F. Reilly,
Assistant Vice President
and Manager
Blanche K. Robinson,
Assistant Cashier

BETHEL
29 Greenwood Avenue
Clarence J. Read,
Assistant Cashier
and Manager

BRIDGEPORT
MAIN OFFICE
888 Main Street
BLACK ROCK
2896 Fairfield Avenue
W. Peter Wolfgang,
Assistant Cashier
and Manager
BOSTON AVENUE
3921 Boston Avenue
Joseph A. Ballator,
Assistant Vice President
and Manager
Mary H. Pascale,
Assistant Cashier
CLINTON AVENUE
448 Clinton Avenue
Linden H. Goodell,
Assistant Vice President
and Manager
EAST MAIN
East Main and Maple Streets
J. Raymond Cardin,
Assistant Vice President
and Manager
ENGLEWOOD
3800 Main Street
Daniel J. Mercer, Jr.,
Assistant Vice President
and Manager
NEWFIELD
1104 Stratford Avenue
Burton Lang,
Assistant Vice President
and Manager
NOB HILL
905 Brookside Road
Victor DeSantis, Jr.,
Assistant Cashier
and Manager
NORTH END
3900 Main Street
Donald J. Fritzel,
Assistant Vice President
and Manager

UNIVERSITY OFFICE
University of Bridgeport
Student Center Building
Kenneth S. Kandle,
Assistant Cashier
and Manager

BROOKFIELD
Shopping Center, Route 7
George Bacon,
Assistant Cashier
and Manager

DANBURY
249 Main Street
John J. Mullaney, Jr.,
Assistant Vice President
and Manager
CANDLEWOOD
93 Federal Road
Barbara A. Donnelly,
Assistant Cashier
and Manager

DARIEN
1280 Post Road
Walter C. Bell,
Assistant Vice President
and Manager

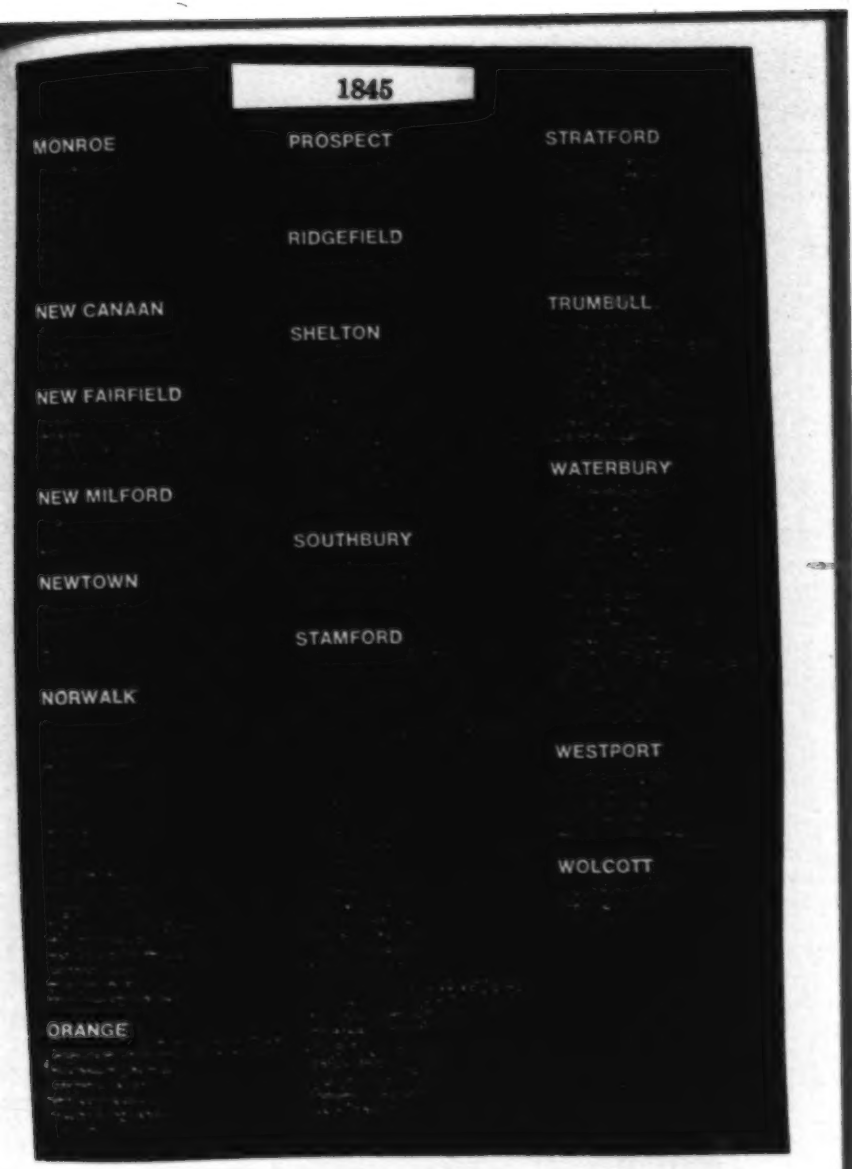
FAIRFIELD
1369 Post Road
J. Donaldson Peters,
Vice President
and Manager
GREENFIELD HILL
1360 Bronson Road
James J. Sheridan, Jr.,
Assistant Cashier
and Manager

SOUTHPORT
2885 Post Road
Donald G. Pearce,
Manager

STRATFIELD
100 Fairfield Woods Road
Richard M. Prestemon,
Assistant Cashier
and Manager

TUNXIS HILL
355 Tunxis Hill Road
Herbert H. Hillis,
Vice President
and Manager

MILFORD
296 Post Road
Wallace E. Bates,
Assistant Vice President
and Manager
Edward J. Mullen,
Assistant Cashier


1845
MONROE
PROSPECT
STRATFORD
RIDGEFIELD
NEW CANAAN
TRUMBULL
SHELTON
NEW FAIRFIELD
WATERBURY
NEW MILFORD
SOUTHBURY
NEWTOWN
STAMFORD
NORWALK
WESTPORT
WOLCOTT
ORANGE

1846

advisory committees

ANSONIA OFFICE

BETHEL OFFICE

BROOKFIELD OFFICE

DANBURY OFFICE

DARIEN OFFICE

FAIRFIELD OFFICE

MILFORD OFFICE

MONROE OFFICE

NEW CANAAN OFFICE

NEW FAIRFIELD OFFICE

NEW MILFORD OFFICE

NEWTOWN OFFICE

NORWALK OFFICES

ORANGE OFFICE

PROSPECT OFFICE

RIDGEFIELD OFFICE

SHELTON OFFICE

SOUTHBURY OFFICE
Lloyd D. Beach, President,
D. F. Beach Printing Co., Inc.
Carleton K. Mathes, Attorney at Law
Gordon Bebbington, President,
Southbury Building Supply, Inc.
Edward A. Tappe,
Edward A. Tappe Agency

STAMFORD OFFICE
John J. Carle, Chairman
Rocco Conetta
Rocco Genovese
Stanley Grabowski
Joseph Kluzniks
Nicholas Morreale
Lorenzo V. Solafioni
Michael Stolfi
Manuel Voltl
Dr. Edward Wisnicki

STRATFIELD OFFICE
Edward O. Bobbie, Chairman
Attorney at Law
Fred C. Procopiowitz, Secretary & Treasurer,
E & F Construction Company, Inc.
Robert W. Nonnemann, Vice President,
Bridgeport Fabrics, Inc.
Richard L. Ravenaugh, President,
John G. Stevens Insurance Agency, Inc.
Marvin J. Greenspan, Secretary & Treasurer,
Merritt Parkway Motor Hotel
Arnold P. Tavor, President,
Tavor, Clarkson Corporation

STRATFORD OFFICE
Wm. S. Sheppan, Chairman
President, Raybestos-Manhattan, Inc.
Fred A. Dorgan, Vice-President,
Avco Lycoming Division, Avco Corp.
Edward M. Hawle, Vice President and Secretary,
The Hawle Manufacturing Company
John McKinney, Vice President,
Air Transportation Systems,
Sikorsky Aircraft, Division of United Aircraft Corp.
James J. O'Connell, Attorney at Law
Raymond J. O'Connor, President,
Contrast Plating Company, Inc.
Robert F. Schnoes, President,
Stratford Industrial Valve & Instrument,
Division of Dresser Industries, Inc.
Emmet S. Thompson, President, Tito Co., Inc.

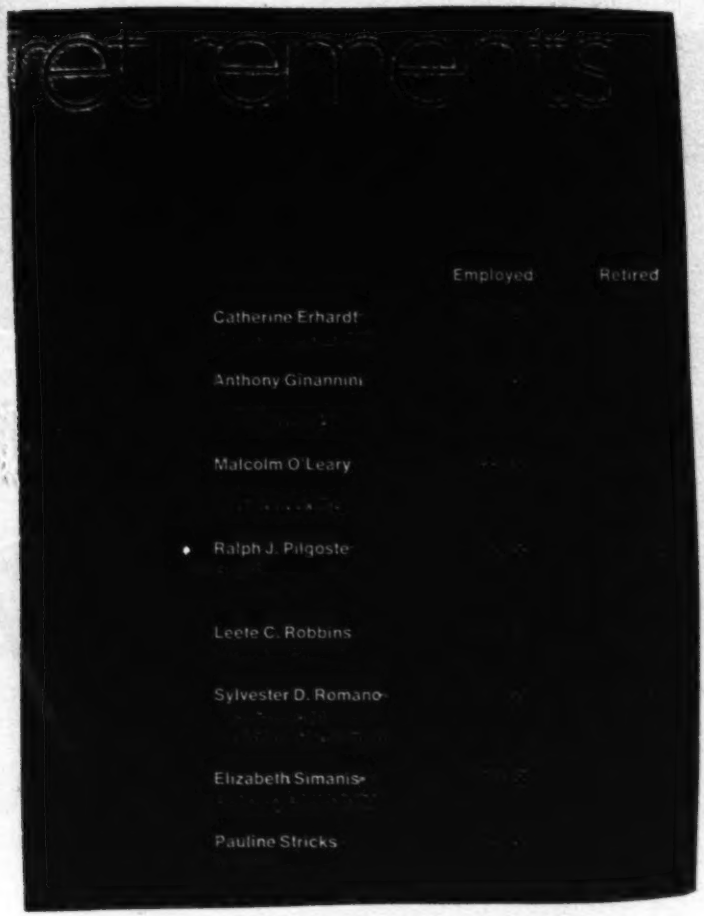
TRUMBULL OFFICE
Thomas V. Kaplia, Chairman
Certified Public Accountant
Harold M. Bell, D.D.S.
John F. Browne
William B. Flynn, President,
Merit Insurance, Inc.
Carl H. Gunther, Builder
James L. McGovern, Jr.,
Special Assistant to President,
Raybestos Division of Raybestos-Manhattan, Inc.
Emil J. Tramposch, Wholesale Nurserymen

TUNXIS HILL OFFICE
Roger E. Reed, Chairman
Secretary and Treasurer, The Superior Plating Company
Frank Adriani,
President & Treasurer, The Stillman Company
Dr. Maxwell Bogin, M.D.
Walter G. Bollmer, Jr.,
President, Bollmer's
John E. Pitkin, Vice President and Business Manager,
Post Publishing Company

WATERBURY OFFICE
Walter F. Torrance, Chairman
Carmody & Torrance
Robert I. Coleman
Earle W. Cowsh, Chairman of the Board of
The Lee Manufacturing Company
Edward J. Daly, III, President & Treasurer,
M. J. Daly & Sons, Inc.
Paul E. Perkins
D. Clark Geger,
Assistant General Sales Manager,
Anaconda American Brass Company
Douglas G. Hoover, Partner,
Charles Hoover & Company
John A. Iorio, President,
Rolling Screw Machine Products, Inc.
Douglas A. MacPherson,
Vice President, Treasurer & Secretary,
Peter Paul, Inc.
Louis Maslora
Ralph N. Palmer, Chairman of the Board,
The Howland Hughes Company
John K. Pratt, President & Treasurer,
Hollis D. Segar, Inc.
Arthur H. Quigley
John O. White
Bernard J. Zeidler, Partner,
Bernard J. Zeidler & Company

WESTPORT OFFICE
Clifford W. Mills, M.D., Chairman
Gynecologist
Herbert E. Babbidge
Michael E. Bruno
Attorney at Law
John E. Doran, President,
Municipal Supply Company
Dwight Fairchild Foster
Attorney at Law
Robert H. Hirsch, President,
Brooks Hirsch, Inc.
John J. O'Keefe, President,
O'Keefe Cadillac-Oldsmobile, Inc.
Robert E. Rogers, Executive Vice President,
Trendex, Inc.
Steven Zoldos, Jr., President,
The Clean Box of Westport, Inc.

WOLCOTT OFFICE
E. J. Masden, Chairman
Treasurer, Secretary and Director, National Die Company
Daniel A. Dello Sbbia, President,
Bello Pheasure & Realty Company
John T. Garthwait, President,
Line Novelty Manufacturing Company
Michael Krzanowsky, President,
Kren Tool and Machine Co., Inc.
Francis M. McWeeney, Jr., Vice President,
L & M Builders, Inc.
Charles Rizzitiello, Assistant to the Director of
Employee Relations
Scovill Manufacturing Company
Robert A. Waldron


retirements
Employed
Retired
Catherine Erhardt
Anthony Ginannini
Malcolm O'Leary
Ralph J. Pilgoste
Leete C. Robbins
Sylvester D. Romano
Elizabeth Simanis
Pauline Stricks

in memoriam

	Employed	Died
Harry B. Sanford Former Superintendent of Bank Building retired 12/31/54	11/6/34	3/6/70
Bessie W. Gordon Teller — Stratfield Office	6/18/62	5/28/70
Marie A. Evans Teller — Milford Office	3/4/68	9/25/70
Robert A. Bergmann Teller — Westport Office; left 10/6/69 due to total and permanent disability.	11/27/67	12/11/70
	Appointed	
John W. Anderson Newtown — Advisor	1952	10/17/70

Connecticut National Bank's forty-nine offices bring new and greater dimensions of personal and business financial service to twenty-six rapidly expanding communities in the Naugatuck Valley and Western Connecticut.
Connecticut National Bank

GX-121 1971 ANNUAL REPORT -

[picture omitted]

THE FIRST NEW HAVEN NATIONAL BANK

ONE CHURCH STREET / NEW HAVEN / CONNECTICUT

Annual Report • 1971

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ABOUT THE COVER — A bank at work in its everyday business of providing, safeguarding and managing its principal product, money, is many people, each a specialist in a particular function.

On the cover and throughout the rest of the annual report we have attempted to convey through photographs some of the diversity of a $300 million bank busily engaged in its affairs on an average day.

Photography by James Morton

Comparative Highlights and Summary

	1971	1970
EARNINGS BEFORE SECURITIES GAINS AND LOSS ON SALE OF MORTGAGES	$ 2,669,292	$ 3,043,756
Net Income*	2,676,795	2,987,385
Dividends Declared	1,423,100	1,423,100
Capital Funds, December 31	23,434,734	22,150,529
Total Assets, December 31	312,894,655	315,269,948
PER SHARE 1,016,500 Shares		
Earnings Before Securities Gains and Loss on Sale of Mortgages	2.62	2.99
Net Income*	2.63	2.94
Dividends Declared	1.40	1.40
Increase in Capital Funds	1.26	1.55
Book Value	23.05	21.79
AVERAGE FOR THE YEAR		
Deposits	259,389,884	239,430,900
Loans	180,575,201	185,995,430
Investments	67,637,501	47,634,800
YEAR END		
Number of Shareholders	2,832	2,802

*See Note 7 of Notes to Financial Statements, page 10.

[pictures omitted]

1852

To our Stockholders:

For the First New Haven, as with most other banks throughout the country, 1971 was a very difficult year. Weakened loan rates and loan demand that was stagnant during the first three quarters of the year, the continuing high cost of attracting and retaining time deposits and the eroding effect of spiraling overhead have, for the first time in twenty years, interrupted our record of constantly improving on our earnings performance.

Net income for the year recently ended amounted to $2,676,795 or $2.68 per share, compared with $2,987,385 or $2.94 per share for 1970. These figures are, of course, disappointing, but they were achieved in an economic climate which has not been favorable for commercial banks generally.

Although we believe that the steps taken by the government in turning back the inflationary forces which have been devastating our economy will brighten the 1972 outlook, the beneficial effects of this action came too late in the year to have a significant impact on banking.

Yet, despite the many problems of last year, we are convinced that the 1970s and 80s offer more opportunities for our bank than any previous decades in history. Last year has been one of readjustment, a shake-out in our economy, but it has also been a get-ready year for the period that lies ahead.

Last year has been one in which we have contributed more and served better, setting the basis for future success. Somehow, an envelope sent to our bank and postmarked December 21, 1971, seems to say it all. It was addressed to "The Best New Haven National Bank" and it was written by a customer. We couldn't agree with him more.

We reported to you earlier during the year that although the Comptroller of the Currency approved our proposed consolidation with The Connecticut National Bank, the Justice Department instituted suit in the District Court in Connecticut to block this. The Justice Department claims that the consolidation would lessen actual and potential competition. The Directors of both banks have agreed to oppose this action of the Justice Department vigorously. Our feeling is that the only way to *increase* competition in Connecticut on a state-wide basis is through the formation of a combined banking institution such as we propose. As our major competition grows larger and more formidable all the time, we feel that the merits of our consolidation become all the more apparent. We will certainly advise you of any significant change or developments as they occur.

Deposits

Deposits, both average and year-end, showed an increase during the year. The December 31st total of $266,175,070 compares with $260,940,029 at the end of 1970, a gain of $5.2 million. Average deposits during 1971 were $259,389,884 compared with $239,450,900 the year before, a gain of $19.9 million.

Loans

Although the flow of deposit funds created ample money during 1971, during the first nine months of the year commercial loan demand was substantially off, in spite of a drop in interest rates. In the last quarter of the year the demand improved considerably and at year end had become exceedingly brisk, with the result that our year end outstandings show an all-time high. However, the impact of this on earnings will not be felt until 1972.

Average total loans for the year amounted to $180.5 million, compared with $185.9 million a year ago, while the December 31st figures show loans of $192 million, which compares with $186 million at year end 1970.

Dividends

The constancy of our dividend policy continues. Quarterly payments of 30¢ per share were declared during the year and in December, 1971, a year end extra of 20¢ per share was declared, payable January 14, 1972. The total amount paid to shareholders during 1971 was $1.40 per share.

Capital

Our undivided profits account has increased from $4,568,029 to $5,852,254 which raises the total of our capital funds to $23,434,754 compared with $22,150,529 as of December 31, 1970. This amount is the highest in our history and represents, of course, not just the net worth of our bank but its stability and financial strength.

Branch Offices

During the year we relocated two offices, in the Allingtown section of West Haven and in the Milford Post Shopping Center, into new, larger, modern, efficient and more attractive buildings. And in May we established a new branch office on Derby Avenue at Norton Street in New Haven. This handsome new office, Edgewood Park, has experienced the most rapid growth of any branch in recent history. This, plus the record year in deposits and loans established by the two relocated offices, proves the accuracy of our projections for these three major branch changes.

Personnel

As 1971 ended, our staff totaled 814 people, a decrease of 23 from the same time a year ago. Payroll and benefit costs have been held to a 6% increase during the year, compared with 19% in 1970. Since payroll is one of our largest

elements of expense we are continuing to be very attentive to its control.

Board of Directors

1971 was a year of challenge for your directors and they have responded magnificently. Rarely in our history have directors been asked to give of their time, energies and capabilities to the extent they have been required this past year, particularly with respect to the complexities of the proposed merger.

At our annual meeting in March, two of our senior and distinguished directors will leave our board under the mandatory provision of our retirement policy.

They are Albert S. Redway, a director since 1949, and Forbes Sargent, a member of the board since 1955. Both have made important contributions to the bank through the years and we will miss their counsel and friendship.

I am saddened to report that Paul M. Zorn, who joined our board in 1954, passed away in October, 1971. He was an outstanding director upon whom bank management depended heavily and will be sorely missed. At various times he served on all of our major committees, including Trust, Executive and Loan.

Mrs. Zorn died shortly after her husband and our sympathy goes to their family for this double and untimely loss.

In June, Noble Welch, a vice president of Chemical Bank in New York, was assigned to that bank's office in Brussels, Belgium, and therefore found it necessary to resign from our Board. He has been replaced by his brother, Wilford, a senior consultant with Arthur D. Little, Inc., and Director for Asian Affairs.

Staff

During the year several significant retirements occurred, including one senior member of our staff.

E. Perry James, senior vice president and our senior branch office administrator, retired after 45 years of service. His career, which encompassed nearly all activities of our bank through the years, was an exceptional one. In recent years, he administered our large and growing branch system and was responsible for much of its present structure and development.

Eldredge P. Munroe, a vice president in the Trust Department, and Edward C. Knowlton, assistant data processing officer, also retired with 45 years of service.

Sherwood H. Brousseau, branch officer and manager of our office on Main Street in Branford, retired after 47 years, while George W. Cofrances, collection officer, retired following 55 years of service to the bank.

Special Mention

During the year we enlarged and gave broader market responsibilities to our International Department. Andrew A. DelGrego, assistant vice president and manager, made three visits to Europe in 1971, developing relationships with major foreign banks that will enable us to provide a wider range of sophisticated financial services to our customers.

As a part of this activity we now have in full operation a joint venture subsidiary, Shorehaven Bank International. Our bank has a 50% ownership with the other 50% held by South Shore National Bank of Quincy, Mass. Each bank shares in the management of the operation and the development of promising potential.

In January, 1972, we began the process of replacing our Charge Account Plan (C A P) credit cards with BankAmericard. This action had been under study for some time and was initiated to provide our many thousand C A P customers with a card which can be used throughout the nation and in many foreign countries. C A P was originated in 1957, one of the pioneer bank credit cards in New England, and served our requirements and its customers well. But time and the increasing mobility of our customers dictated the need for a national and international credit card usable everywhere. BankAmericard will provide this better, in our opinion, than any other card.

This has been a long report but descriptive, I hope, of the activities and challenges of last year and a glimpse into our plans for 1972. The areas on which I touched are developed in greater detail in the pages that follow. It has been a busy year for us and, generally speaking, a good year. We know we have an outstanding bank and are dedicated to making it better, more competitive, more profitable and a more rewarding place in which to work.

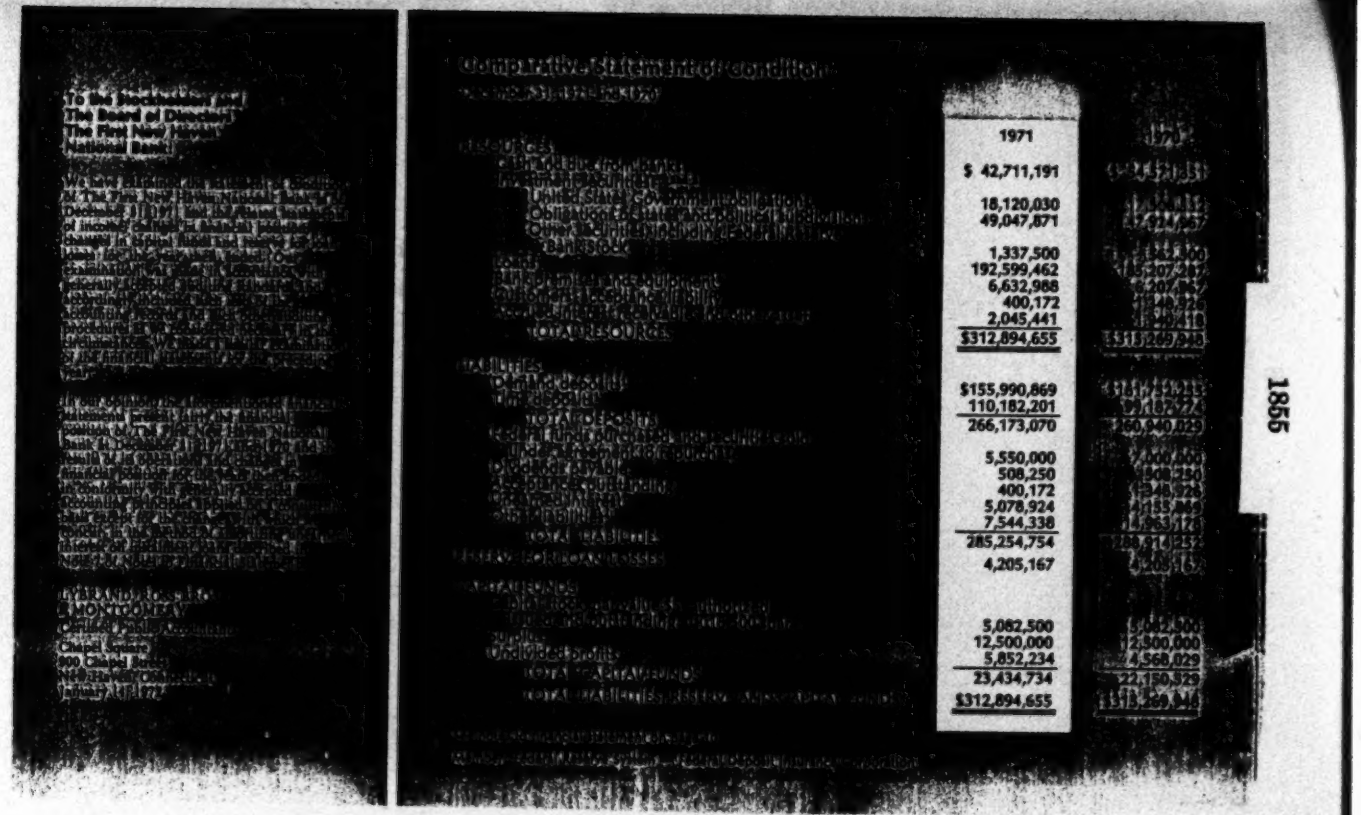
Each year this report provides me the opportunity to thank our many shareholders and friends for their support. And I know I speak for our directors and advisory directors when I express my deep appreciation to our officers and staff for the contributions made to our bank this past year.

F. G. Chadwick, Jr.

F. G. Chadwick, Jr.
President

[picture omitted]

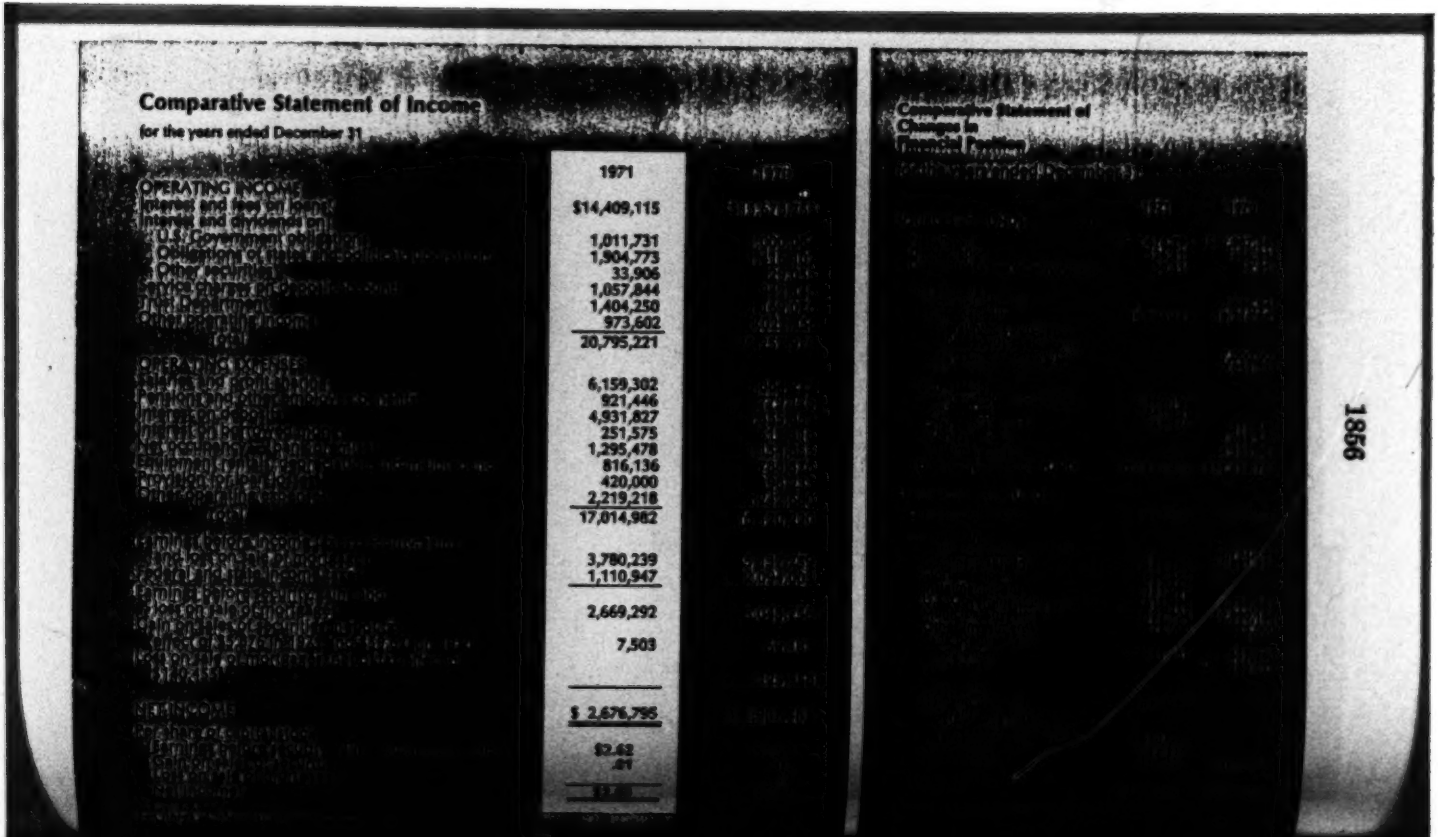
1854



Comparative Statement of Condition

	1971	
	$ 42,711,191	
	18,120,030	
	49,047,871	
	1,337,500	
	192,599,462	
	6,632,988	
	400,172	
	2,045,441	
	$312,894,655	
	$155,990,869	
	110,182,201	
	266,173,070	
	5,550,000	
	508,250	
	400,172	
	5,078,924	
	7,544,338	
	285,254,754	
	4,205,167	
	5,082,500	
	12,500,000	
	5,852,234	
	23,434,734	
	$312,894,655	

1855



Comparative Statement of Income

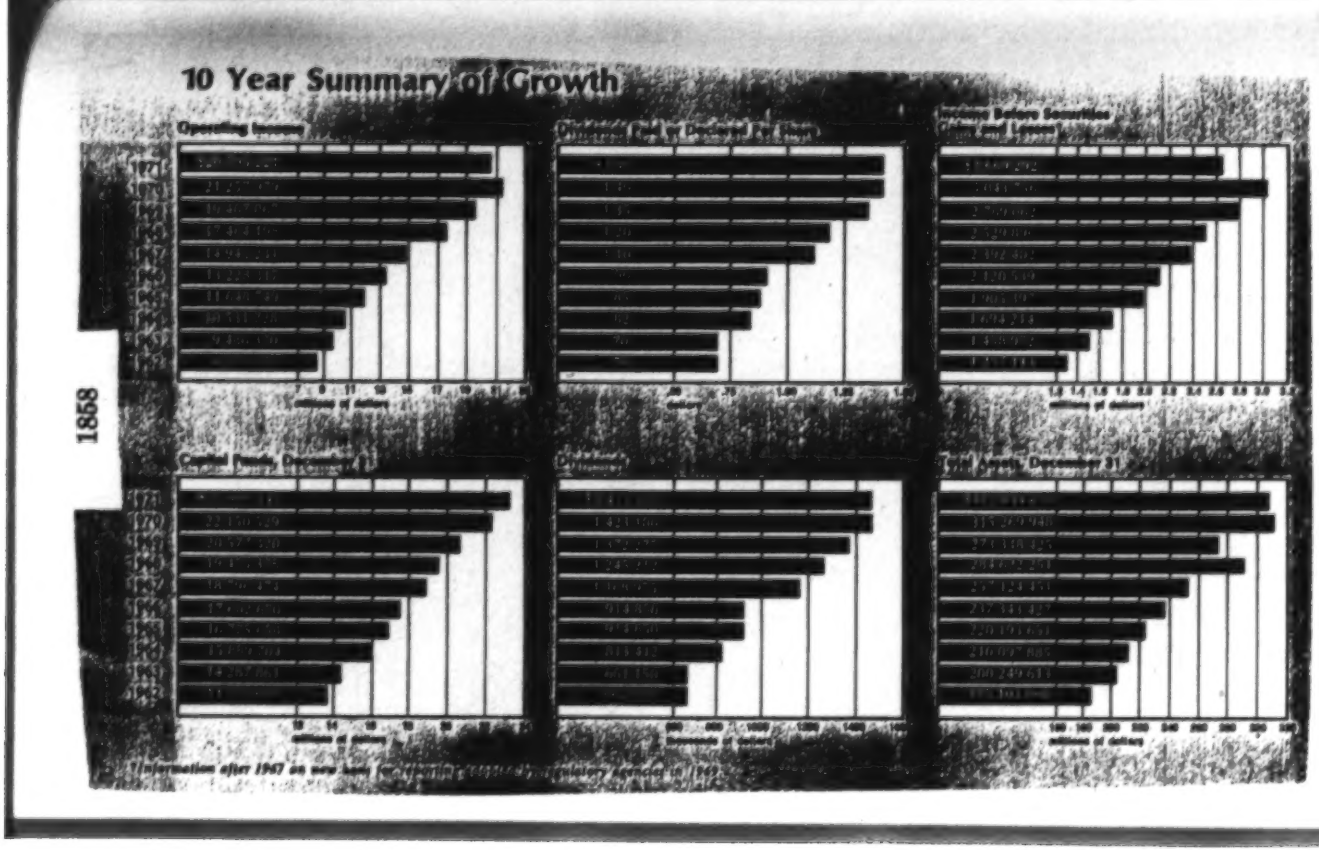
for the years ended December 31

	1971
OPERATING INCOME	
Interest and fees on [illegible]	$14,409,115
Interest and dividends on	
U.S. Government [illegible]	1,011,731
Obligations of [illegible]	1,904,773
Other [illegible]	33,906
[illegible]	1,057,844
[illegible]	1,404,250
[illegible]	973,602
	20,795,221
OPERATING EXPENSES	
[illegible]	6,159,302
[illegible]	921,446
[illegible]	4,931,827
[illegible]	251,575
[illegible]	1,295,478
[illegible]	816,136
[illegible]	420,000
[illegible]	2,219,218
	17,014,982
[illegible]	3,780,239
[illegible]	1,110,947
	2,669,292
[illegible]	7,503
	$ 2,676,795
	$2.62
	.01
	$2.63

Comparative Statement of Changes in [illegible]

1856

1857


10 Year Summary of Growth
1858

1859

Investments

In contrast with the experience of the previous year, which saw significant additions to the investment portfolio in the second half of the year, our investments remained remarkably constant throughout 1971, as in a lagging economy neither the normal growth in demand deposits, nor, until the very end of the year, in loan demand occurred.

Investment and re-investment policy was concentrated in the short term area, in part to meet the continuing heavy demand for tax and bond anticipation financing from the cities and towns of our market area, and also expected heavier loan demand from industrial and commercial customers, which materialized only very late in the year.

From year-end to year-end the average maturity of our government portfolio shortened from two years, five months, to two years, one month, and of our municipals from three years, ten months, to three years, seven months. In a time when both short and long term rates are declining, there is a temptation to lengthen maturities in quest of greater return. As we view 1972, however, with prospects for a strengthening upturn and a firming of rates in the second half, it is a temptation we intend to resist.

We had bond profits, net of tax effect, of $7,505 compared with net profits in 1970 of $69,187. This reflected on the one hand our heavy investment concentration in the very short term area, and on the other our reluctance to give up the highly satisfactory yields available from our existing holdings in the six to fifteen year maturity range.

At the year end the market value of our total bond account was $69,570,485, representing an appreciation of $965,000 over book.

Each day armored cars carrying cash, coins and checks make deliveries and pick-ups at the bank's main office and 23 branches. Here, armed guards unload sacks of currency at One Church Street.

1890

[picture omitted]

Loans and Credit Services

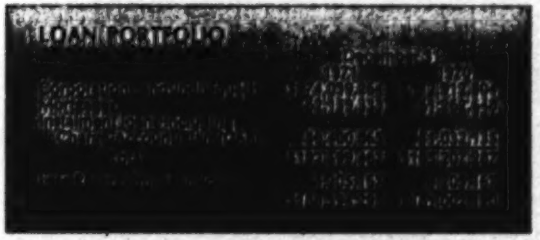
The closing remarks of our 1970 Loan Report, which proved to be prophetic, were: "The easing of monetary restraint is making itself felt in the availability of money and this, with impending political implications and the continuing battle with inflation, should make 1971 a year filled with extremely interesting challenges. It would appear that the decision has been made to speed recovery of the economy, and it should be a year to bolster the confidence of businessmen, the housing industry and the consumer."

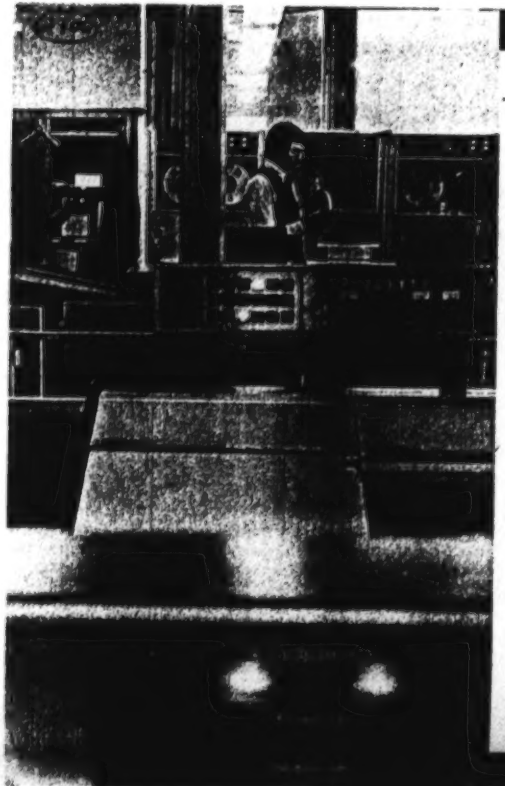
Ample money was available during 1971, but during the year loan demand was not heavy because of prevailing uncertainties. Businesses and individuals were indecisive whether to expand, purchase or retrench. These uncertainties forced a continuing drop in interest rates and had an adverse effect on loan totals.

At year end this attitude changed considerably, loan demand increased, and the successful acquisition of new business and a more active part in foreign loan participation by our growing International Department, contributed toward increasing our overall portfolio.

Average total loans of $180,575,201 accounted for 69% of the bank's total income. Loans at year end were $192,599,462 as compared with $185,207,287 for 1970. During the year the greater supply of demand deposits allowed us to increase our mortgage loan portfolio and we also increased our installment loan total, again through the acquisition of new business, and a more aggressive attitude because of the greater supply of funds. We anticipate that introduction of BankAmericard will substantially increase volume in our Charge Account Department.

We continue to be very active in the community affairs and are proud of our record and our financial participation in many of these areas. With the apparent improving economy and the return of consumer and business confidence, 1972 should prove to be a very satisfactory year.





Operations

Approval by the Federal Reserve Bank in Boston of plans to establish a regional check clearing center in south central Connecticut in 1972 will necessitate a reorganization of our operations procedures in this area, a major effort we are now planning. However, the result will produce greater economies and efficiencies in check handling and faster clearing of checks throughout the state. The regional center in Connecticut is part of a total plan to provide faster check clearing and settlement throughout the nation.

Development of MIS, our Management Information System, continues according to plan. This is a long range project which assists planning and forecasting more accurately through the evaluation of information and is a management tool of significant importance.

The Computer Services department continues to expand. The Fuel Oil Dealer program, which provides accounts receivable processing and degree day forecasting for dealer customers in Connecticut, Vermont, New York, Pennsylvania and Massachusetts provides our largest computer services income. As our computer capacity increases in the years ahead we will be able to provide bookkeeping and informational services to a wide range of businesses.

Our Voice Response System, which links telephones to a computer, has enabled the bank to speed information retrieval on checking and savings accounts. By simply dialing a number, a teller, for example, can receive instant voice response from the computer on current balance, average balance, activity and other information needed.

Today's computer operator has replaced the high collared bookkeeper of yesterday, and the scratch of pens on ledger sheets has given way to the hum and whirr of high speed electronic equipment processing the day's work. In background, Ted Scatzo holds a magnetic tape that stores detailed information about thousands of accounts.

Promotions

During 1971 the following people in the Bank were advanced to new levels of responsibility:

To Assistant Vice President:
Julius D. D'Urso
Walter J. Lynn

To Trust Officer:
Richard J. D'Amours
John L. Smith

To Assistant Trust Officer:
James L. DeLoole

To Tax Officer:
Leonard C. Wicker

To BankAmericard Officer:
Kenneth G. Brennan
Robert P. Hinkle

To Financial Planning Officer:
F. Patrick McKenna

To Branch Officer & Manager:
Thomas W. Keefe

To Manager:
Dominick J. Gambardella, Branch Officer
George J. Murphy, Branch Officer

To Assistant Cashier:
Louise C. Herrick (Mrs.)

To Assistant Credit Officer:
Brent H. Lassen

To Business Development Officer:
A. Walter Esdaile

To Branch Administration Officer:
John W. Sheppard, Jr.

Retirements

Ten officers and staff members retired from the First New Haven during the year, including Sherwood H. Brousseau, with 47 years of service, and three others with 43 years each: Eldredge P. Munroe, Edward C. Knowlton and E. Perry James.

RETIRED 1971	YEARS OF SERVICE	DEPARTMENT
Eldredge P. Munroe, Vice President	43	Trust
Edward C. Knowlton, Asst. Data Proc. Officer	43	Data Processing
E. Perry James, Sr. Vice President	43	Branch Administration
Joseph Y. Ryan	10	Mail
Sanford H. Pearson, Asst. Vice President	10	Trust
Sherwood H. Brousseau, Branch Officer & Mgr.	47	Branford Center
Arthur J. Paine	16	Maintenance
Mildred C. Langford	18	Analysis
James Jones	8	Hamden
George Cafrunes, Collection Officer	35	One Church Street

Despite the sophistication and wizardry of its computer and data processing centers, the nerve center that links the bank with the world outside is its mail room, which sends and receives more than four million pieces a year. Here, on a Monday morning at 7:15, Richard Erler prepares the job of emptying and sorting sacks containing over 5,000 pieces.

[picture omitted]

Marketing

The marketing function in the First New Haven includes a strongly motivated business development program coordinated with advertising, public relations and area development for maximum effectiveness.

The program of corporate calls has been intensified and refined during the year to assure our customers and prospects of our desire to keep them informed of the latest in available banking services. During the year in excess of five thousand calls were made highlighting a variety of corporate services necessary to a profitable and modern business. Some of these services include commercial loans, mortgage financing, payroll processing and pension and profit sharing trusts.

During 1972, a marketing sales program involving all members of the bank staff will be inaugurated. Employees producing sales will be rewarded with a wide variety of merchandise. The size of the award will be based on the amount of profitable business produced.

Through activities and involvement of the Area Development Department, industry from other areas and from out of state are made aware of the numerous advantages of relocating to or expanding in the State of Connecticut. To assist industry in arriving at a favorable decision, this department has available information about the labor markets, transportation facilities, housing, taxes and other important considerations necessary to corporate decision making.

With the city in darkness below, night bookkeepers and computer technicians process an average of 100,000 checks that come in each day from the main office and the bank's 21 branches.

Trust Department

In what proved to be a trying climate for business and investors generally, the Trust Department again exceeded its projections for the year just ended as to both trust business under administration and gross fees and commissions earned. Total assets increased by $26,940,203 to $334,082, 697, in spite of special demands for funds from several of our very large accounts. Gross income grew significantly, reflecting a full year's experience with the new schedule of fees for services about which comment was made in last year's annual report, and a somewhat better average level of security prices, upon which a portion of our fee depends.

Gross income collected amounted to $1,404,249, or $255,175 over the previous year. This unusual annual increase was to be expected in the first year of operation with a new schedule of fees designed to keep the need for frequent changes to a minimum. The fee revision made was the first significant one since 1957, and while the continued pressure on costs of every kind may preclude as long a period of constant rates in the future, we will make every effort to improve our techniques for economic and efficient administration of trust business to keep our fees relatively stable in the years ahead.

Increasing competitive pressures were present in our service area during the year. However, our ability to attract, train, and retain a competent staff, as well as to take advantage of more efficient methods of operation, remains undiminished. We expect to continue to be a major factor in providing effective and personalized trust services at reasonable cost in all communities served by the Bank. To achieve this objective, we must continue a positive, responsive posture in investment management, reflecting the goals and needs of individual trust accounts and at the same time observing the guidelines for prudent investment within which we must operate. Continuing innovative new business development programs must be pursued by our Trust New Business Development Division, now an integral part of the Trust Department. Past successes will hopefully be surpassed through the close cooperation with our officers, attorneys, life underwriters and accountants that we have enjoyed to date.

Our pooled investment funds, currently five in number, are providing important investment media for our trust accounts. Common Trust Fund "A" had assets of $14,925,607 at its year-end, November 30, 1971. The Pension and Profit Sharing Pooled Funds have now grown to a value of $6,757,292 at year-end. In order better to serve the smaller corporate customers, we currently have before the Internal Revenue Service for approval Master Pension and Master Profit Sharing Plans which corporations wishing to provide these important benefits for their employees may join with minimum costs. In addition, to meet the need that self-employed persons have for similar benefits, an HR-10 Master Plan is available and the two pooled investment funds for this purpose are also working out nicely. When measured by generally accepted standards, all of our funds have performed well for the year.

A successful, growing trust business cannot be sustained without people, skilled in understanding human needs on the one hand, and sound account and investment management on the other. Estate settlement, trust administration, and agency relationships each have their different requirements, but underlying them all is the successful management of the financial affairs involved. During the year two of our officers retired and, in anticipation of that event, their replacements joined us late last year. This year we have added one new officer in the area of administration and, additionally by transfer from the Marketing Division, two New Business Development officers, so that presently 26 officers and 39 staff members are devoting their energies and skills to the discharge of our many trust responsibilities. This group, all experienced in their chosen specialties, is determined to produce results that will continue to instill confidence in the Bank's capability to fully meet the ever-changing requirements of our trust business.

[pictures omitted]

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International Banking

International Department

During this past year a very ambitious program was undertaken to further organize the new department and broaden our international services base. Though the program will be a continuing one, its success during 1971 contributed to the increase in professional capabilities of the department, resulting in greatly improved service to both corporate and personal customers.

In an effort to become more responsive to the individual needs of customers and to improve intra-Bank understanding of the department operations, a personal services section and a corporate services section were organized. This functional change provides the capability of tailoring international services to customer needs, whether for the individual travelling abroad for pleasure or for the corporation requiring a specifically designed financing program. In addition these sections contributed to the development of more efficient operating systems within the department.

Early in 1971 recognition was given to the need for a full-time marketing effort through the addition of another member to the department, bringing the staff strength to ten. The importance of international trade and the frequent lack of understanding about foreign business more than justifies this addition. As a result of our marketing effort in the Spring, over 300 firms were visited to announce our full-service organization and to offer our expertise and assistance.

Though the First New Haven continues to improve services for the importer, intensive studies were begun to gain expertise in the area of export financing. This was necessary in order to provide financing programs for the exporter and also to offer financing opportunities to the overseas buyer. An aggressive marketing program is planned for the first quarter of 1972 to locate exporters who may have a need for export financing support, whether it be discounting foreign receivables or preparing an overseas leasing program. This project will culminate with a series of export seminars planned for mid-Spring. The seminar program will be co-sponsored by the Bank, the U. S. Department of Commerce and the New Haven Chamber of Commerce and will be attended by corporate executives throughout the state who are interested in the potential profitability of exporting overseas.

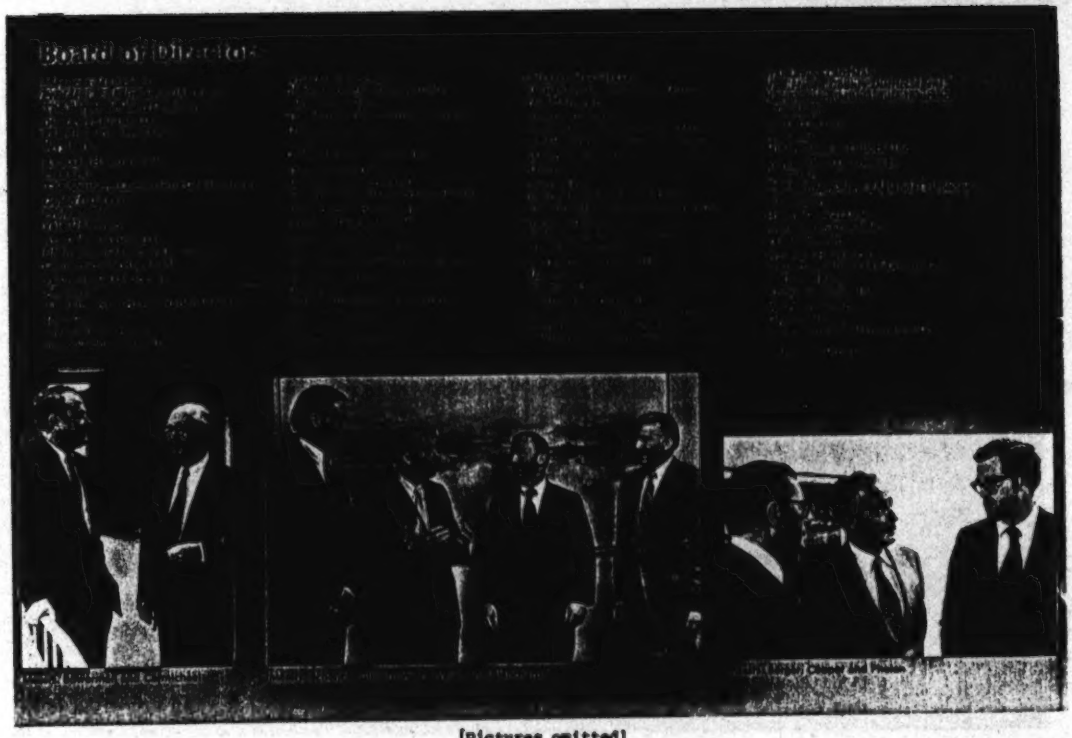
In a continuing effort to expand our involvement in international lending, during the last quarter of 1971 the department began participating in several offshore loan programs, offering an attractive means of gaining experience in this area, while enjoying a profitable return on our investment.

Shorehaven Bank International

In January, our bank and the South Shore National Bank of Quincy, Massachusetts, received permission to form a jointly owned offshore financing bank. Headquartered at 126 State Street in Boston, the new bank is designed to meet our customers' offshore lease financing needs throughout Canada and Western Europe, for firms needing additional capital equipment for an overseas plant or an exporter requiring such financing to consummate an offshore sale of capital equipment.

Three wholly-owned subsidiaries have been formed, including Shorehaven Leasing of Canada Limited, with offices in Montreal; Shorehaven Finance Limited, Hamilton, Bermuda; and Shorehaven Offshore Incorporated, a Delaware corporation with its own subsidiaries in Belgium and France.

Officers of our Bank designated to direct the new bank through its Board of Directors and active management include Frank G. Chadwick, Jr., a director and Chairman of the Board; Donald R. Eglee, a director; William A. Young, a director; and Andrew A. DelGrego, a director and Vice President of Shorehaven.



1867

[pictures omitted]

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Advisory Board

Glenn F. Knudsen
Vice President, Planning
U. S. Electrical Motors
Division of Emerson Electric Company
Joseph H. Rossetti, Jr.
President
Edwards Motor, Inc.
Cornelius A. Byrne
Real Estate
Franklin R. Wagner
President
Wagner Manufacturing Company
Harold F. Wiegner
Attorney
Ralph F. Dorsey
Real Estate and Insurance

Advisory Board

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Officers

President
Frank G. Chadwick, Jr.

Executive Vice President
Thomas Hooker

Senior Vice Presidents
John E. English
John D. Greco
Burdette L. Meyer

SECURITY

Vice President
Howard J. Holman

Assistant Security Officer
Elwood E. Franklin

OPERATIONS

Vice President
Edgar Beals

Vice Presidents
Chester R. Carpenter
Albert Fagan

Assistant Vice Presidents
John H. Dempsey
Joseph J. O'Hare, Jr.
Richard P. Salzano

Assistant Accounts Officer
Joseph D'Addio

Systems Officer
William W. Spoalli

Computer Services Officers
Walter D. Curran
Everett N. Pratt
Carmen V. Restaino

Item Processing Officer
Thomas Hilson

BOOKKEEPING

Assistant Vice President
Anthony L. Minichino

Assistant Accounts Officers
June M. Carrano (Mrs.)
Janet H. Pellew (Miss)

ADMINISTRATION AND INVESTMENTS

HEADQUARTERS OFFICE

Vice President & Cashier
William A. Young

Vice President
James W. Burris

Assistant Cashiers
Louise Herrick (Mrs.)
John J. McHugh

New Account Officer
Frank W. Sherman

INTERNATIONAL DEPARTMENT

Assistant Vice President
Andrew A. DelGrego

International Officer
Aurelio F. Pucci

ACCOUNTING

Vice President & Comptroller
Donald C. Redfield, Jr.

Assistant Comptroller
Howard G. Tuttle, Jr.

AUDITING

General Auditor
Robert T. Dixon

Auditor
Walter J. Rankus

Assistant Auditor
George S. Pribble

PERSONNEL

Vice President
Walter S. Fogarty

Assistant Vice President
Alma A. Dixon (Miss)

BRANCH ADMINISTRATION

Vice President
Jasper J. Jose

Vice Presidents
William E. McNeil
Walter E. Mullen

Assistant Vice President
Grant T. Dubno

BANK BUILDINGS

Manager, Building Services
Gerald D. Hansen

LOAN AND CREDIT SERVICES

Senior Vice President
Burdette L. Meyer

COMMERCIAL LENDING

Vice Presidents
Robert M. Chidsey
Donald B. Tyler
Michael J. Linehan
Richard C. Pantall

Commercial Loan Officer
Donald Kassff

MORTGAGE LENDING

Vice Presidents
A. Lawrence Hodges
Henry J. Picagli

Mortgage Officer
Donald W. Grigley

INSTALMENT LENDING

Vice Presidents
Edwin E. Brown
Thomas J. Cahill, Jr.

Assistant Vice Presidents
Paul V. Orcutt
Clarice E. Redfield (Miss)
Fred R. Russell

Personal Loan Officer
Louis G. Bortuccini

Business Development Officer
John A. Early, Jr.

CREDIT

Credit Officer
Renete Betterson (Mrs.)

Assistant Credit Officer
Bruce H. Larson

BANKAMERICARD

Vice President
Samuel M. Annenberg

BankAmericard Officers
Kenneth Brennan
Robert B. Hinkle

MARKETING, PUBLIC RELATIONS AND ADVERTISING

Senior Vice President
John D. Greco

MARKETING AND BUSINESS DEVELOPMENT

Vice Presidents
Richard O. Jenkins
James J. Tarabla

Assistant Vice Presidents
William H. Knight
Walter J. Kraus
Donald E. Smith

Business Development Officer
A. Walter Kalaile

Branch Administration Officer
F. Perry Wilson, Jr.

AREA DEVELOPMENT

Vice President
George W. Heiton

ADVERTISING AND PROMOTION

Vice President
Banning Reppeller

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Trust Officers

Senior Vice President
John E. English
Vice President
Richard L. Rice

ESTATE ADMINISTRATION

Vice President
Thomas M. Taft
Assistant Vice President
Hazen Y. Mathewson
Trust Officers
Richard J. D'Amours
William B. Gumbart, Jr.
Marc E. Vincent

CORPORATE FIDUCIARY AND PENSION ADMINISTRATION

Vice President
Chester G. Eliason
Trust Officer
John L. Smith
Assistant Trust Officer
James L. DeLucia

INVESTMENTS

Vice President
Carl W. Lindskog
Assistant Vice President
Edwin M. Tucker
Trust Investment Officers
Peter B. Redfield
George B. Watts, Jr.

PERSONAL TRUST ADMINISTRATION

Vice President
Paul C. Benson
Assistant Vice President
Robert Esmond
Trust Officer
Helene A. Hill (Mrs.)
Assistant Trust Officer
Karl W. Marsh

TAXES

Vice President
Robert A. Cairns
Tax Officer
Leonard G. Wirkus

OPERATIONS

Assistant Vice President
Raymond J. Dwyer

NEW BUSINESS DEVELOPMENT

Financial Planning Officers
Penny J. Berger (Mrs.)
F. Patrick McManus

Branch Administration

Because of the pending consolidation with the Connecticut National Bank, certain constraints were placed upon our new branch development in 1971. This self-imposed moratorium on branch expansion allowed us to develop more intensively our loan and deposit business which, as a result, has increased throughout the branch system.

In 1972 we will be undertaking a program of aggressive branch expansion once again and are anticipating a more competitive 1972 for the entire branch system.

The forecasts made in 1970 regarding the success of the new Edgewood Park Office and the branches relocated in Allingtown and Post Center have proven accurate. The relocated branches have experienced a record year in increased deposits and loans and our Edgewood Park Office has had the most rapid growth of any new branch in recent history. Safe deposit boxes are available to our customers at all three offices.

EDGEWOOD PARK, ALLINGTOWN AND POST CENTER
These three branches are showcases for major pieces of metal sculpture work by the renowned sculptress, Ann P. Lehman, who was commissioned by our bank early in 1971.

MILFORD
Two new free-standing drive-ins have been added to our Milford Broad Street Office affording customers a total of four drive-ins. Parking lot congestion has been relieved and our customers now may exit onto Railroad Avenue.

GUILFORD
An additional drive-in is planned for our Guilford Office early in 1972. Also new entrances and exits will further integrate our branch with the Shoreline Plaza Shopping Center.
Works of art of the following artists are on display at the following branches: Broadway, George Glenn Rogers; West Haven, Edith Austin; Chapel, Jean Williams.

REMODELED AND REDECORATED
Chapel Street — wall-to-wall carpeting, paneling, painting and new drapes.
Broadway — Paneling and painting.
Hamden — wall-to-wall carpeting in safe deposit area.

Community Offices and Officers

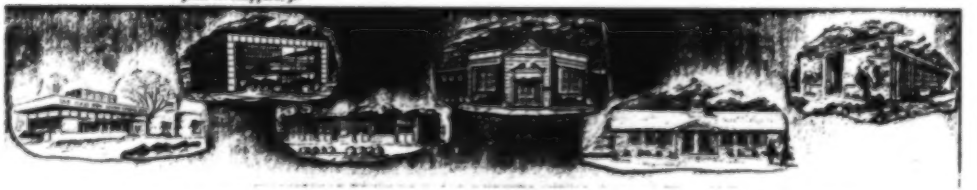
BROADWAY,
88 Broadway
Assistant Vice President & Manager
Earl K. Wilson
Branch Operations Officer
Robert L. Eigler
Branch Administration Officer
John W. Sheppard, Jr.

CHAPEL STREET,
Chapel at Orange
Vice President & Manager
Robert C. French
Assistant Vice President
Henry W. Benedict

UPPER CHURCH,
115 Church Street
Assistant Vice President & Manager
Robert B. Frisley
Branch Officer
Joseph L. Lussi

LONG WHARF OFFICE
250 Sargent Drive
Branch Officer & Manager
Arthur E. Rhatigan

DIXWELL PLAZA OFFICE, 224 Dixwell Ave.
Branch Officer & Manager
Thomas W. Keefe



CONNECTICUT POST CENTER,
Branch Officer & Manager
Sherman A. Dardis

MILFORD, 21 Broad St.
Vice President & Manager
Robert N. Cooke
Assistant Vice President
Arthur Viola
Branch Officer
LaMar R. Kelly

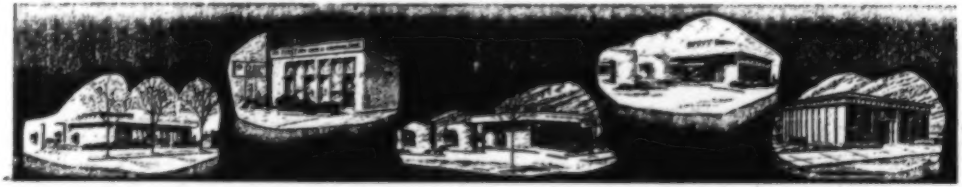
ORANGE
Fivelite Shopping Center
Assistant Vice President & Manager
Joseph G. Lane, Jr.

DEVON, Bridgeport at Naugatuck
Branch Officer & Manager
Robert J. Lemay
Branch Officer
Phillip Smith

DERBY, Valley Shopping Center, Perishing Drive
Branch Officer & Manager
Anthony J. Gentile

HAMDEN,
2300 Whitney Avenue
Vice President & Manager
George H. Olson
Branch Officer
D. Bruce Buckey

1872



EDGEWOOD PARK OFFICE, 105 Darby Ave.
Branch Officer & Manager
Peter A. DeCaprio

HOWARD AVENUE OFFICE, 606 Howard Ave.
Branch Officer & Manager
Frank C. Civitelli

EAST STREET OFFICE, 320 East Street
Branch Officer & Manager
Dominic J. Gombardella

ALLINGTOWN, Orange Ave. at Front Ave.
Assistant Vice President & Manager
M. Thompson Dill
Branch Officer
Margaret Joyce (Mrs.)

WEST HAVEN, Campbell and Ashburton Place
Vice President & Manager
John W. Seipold
Branch Officer
William F. Butler

WALLINGFORD, 950 No. Colony Road
Assistant Vice President & Manager
Robert M. Gulley

EAST HAVEN, Main at Chidsey
Assistant Vice President & Manager
Julius D. D'Urso
Branch Officer
Stephen Pank

BRANFORD CENTER, 1016 Main Street
Branch Officer & Manager
George J. Murphy

BRANFORD, 119 Montowese Street
Vice President & Manager
Francis A. Merola
Assistant Vice President
William T. O'Brien, Jr.
Branch Officer
Joseph A. Iribarne

GUILFORD, 918 Boston Post Road
Branch Officer & Manager
Robert F. Testa
Branch Officer
William H. Bonkavi

1878

[picture omitted]

Although the First New Haven National Bank is one bank serving 11 nearby communities with 21 banking offices (and another opening soon) that is perhaps an over-simplified statement of our corporate identity.

Measured in human terms, we are 11 different banks. Each of our offices reflects the personality and characteristics of the town it serves. This change happens very naturally and imperceptibly, but it does occur, nevertheless.

Connecticut communities are as unlike as human fingerprints. Guilford, for example, is no way resembles Derby, and Derby is quite unlike Wallingford, and Wallingford is different from Hamden. There are superficial similarities, of course, but the differences that exist reflect ethnic groups, residential areas, industries, topography, income, climate and other basic factors.

Our annual report has attempted to capture something of the flavor and character of each community we serve in eleven camera portraits created by Ingbar, Stony Creek.

1874

View of New Haven skyline at dusk, taken from Connecticut Turnpike with telephoto lens.

[picture omitted]

THE
FIRST NEW HAVEN
NATIONAL BANK

One Church Street
New Haven, Connecticut 06510

1970 Annual Report

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Comparative Highlights and Summary

	1970	1969
EARNINGS BEFORE SECURITIES GAINS OR LOSSES AND LOSS ON SALE OF MORTGAGES	$ 3,043,786	$ 2,780,062
Net Income	2,967,385	2,577,912
Dividends Declared	1,423,100	1,272,275
Capital Funds, December 31	22,180,529	20,577,320
Total Assets, December 31	$15,980,948	$73,348,425
PER SHARE 1,016,800 Shares		
Earnings Before Securities Gains or Losses and Loss on Sale of Mortgages	2.99	2.74
Net Income	2.84	2.54
Dividends Declared	1.40	1.25
Increase in Capital Funds	1.55	1.10
Book Value	21.79	20.24
AVERAGE FOR THE YEAR		
Deposits	239,430,900	236,122,000
Loans	186,905,430	180,873,000
Investments	47,634,900	42,344,000
YEAR END		
Number of Shareholders	2,802	2,796

[picture omitted]

1875

To Our Shareholders:

A year ago we projected 1970 as a year of challenges and problems, but a year in which we expected continued growth and progress. All of these predictions were realized. 1970 was certainly not without its challenges, but I believe we met them with confidence and surmounted them.

In the daily totals of bank assets the First New Haven has consistently topped the $300 million mark for the last several months. As of December 31 our resources stood at $315,380,948, a new high for that date.

Net income for the year also reached a new level, amounting to $2,987,566 or $2.94 per share, compared with $2,577,912 or $2.54 per share in 1969. We have completed our second year of reporting earnings under the new regulatory requirements, with profits and losses on the sale of securities carried in the income statement.

At year end total deposits amounted to $260,940,029, a gain of $27,413,832 over last year's December 31st total of $233,526,197. Average deposits during 1970, a more meaningful index, were $239,490,900, compared with $235,122,000 during 1969.

These very significant figures attest to our recognition of the basic nature of our business and our vigorous pursuit of deposits in all forms, and reflect the substantial inflow of funds, especially certificates of deposit, during the last quarter of the year. This was a direct result of the more competitive rates allowed to us by regulation.

Our advertising, personal contacts, service attitudes and community relationships have been developed with deposit goals in mind and our belief that lending, investment and development performances are limited only by the level and nature of deposits. The contest for temporary idle funds between diverse financial institutions was keen during 1970 and we expect it to continue during the present year.

Loans

Our loan activities also reached record highs in 1970. At year end loans outstanding were $185 million compared with $181 million a year ago. Average loans outstanding during the year were $186 million compared with $181 million during 1969. Apprehensions a year ago about the restrictive lending attitudes of banks have not been borne out by our experience, except those normal limitations imposed by size.

Dividends

Quarterly dividends of 20¢ per share were continued in 1970, and in December your Directors voted an extra year-end dividend of 20¢ in view of the extremely satisfactory twelve months experienced by the Bank. The total amount declared or paid during the year was $1.40 per share, an increase of 5¢ per share over 1969.

Capital

In December the Board decided that it was appropriate to transfer $2½ million from the undivided profit account to surplus. This raises our Capital & Surplus to a new all time high of $17,582,500.

1876

Offices and Branches

At the year's end we had 21 banking offices, with another scheduled to be opened soon, and including two that are being relocated in completely new buildings a short distance from their present sites. In several other branches extensive modernization and improvement projects have been carried out.

Staff and Personnel

As 1970 came to a close we totaled 837 people on our staff, an increase of 46 over the previous year. Payroll expense is about 14% higher, due to our increase in staff and normal salary and wage increases. This reflects in large part our commitment to be sure that our people are not only paid well but that they enjoy forward-looking benefits in profit sharing, retirement and health plans.

Merger Activity and the Connecticut Scene

As this report is prepared our proposed consolidation with Connecticut National Bank is proceeding. Both Boards have unanimously endorsed the plan and formal application has been made to the Comptroller of the Currency. We anticipate that a special stockholder meeting will be scheduled in March to vote on this important issue.

It seems clear to us that the creation of a new large national bank in Connecticut, capable of serving many new financial needs and able to compete more effectively with the other large statewide commercial banks and financial institutions is a mandate imposed on your management.

We view the opportunities in the next decade in the context of our history of progress. The proposed consolidation can provide a new platform of strength, talent, services and capability to broaden the influence and effectiveness of our bank.

The actions to accomplish this are developing rapidly. We will keep you, our shareholders, informed and will solicit your continuing support.

Acknowledgements

The mandatory provisions of our by-laws require the retirement of G. Harold Welch, a director, at our annual meeting. He has had a long and notable career in banking, as a senior officer and director of our previous bank, the New Haven Bank, NBA, as a director of the First New Haven National Bank, and as a former director and president of the Connecticut Bankers Association.

Mr. Welch's family and interests will continue to be represented on our board by his son, Noble. Another son, W. Perry Welch, will stand for election at the Annual Meeting on February 9, 1971.

We will miss Mr. Welch's active and stimulating participation in the affairs of our bank, but look forward to his continuing personal interest. His spirit, energy and frequent prodding have joined him with other directors in urging management to its very best efforts.

Another retirement, from ranks of senior management, occurred at the end of the year, when Donald F. Bradley, Senior Vice President in charge of Marketing, Business Development and Public Relations, completed 22 years of service to our bank.

A distinguished banker and representative of a respected New Haven family, his career has earned widespread recognition in state and national circles. His influence upon our bank will be missed, but we wish him well in his retirement.

Mr. Bradley will be succeeded by John D. Greco, Senior Vice President, a banker of 34 years with broad experience in trust, lending, branch administration and allied functions. Since 1959 he has been in charge of the bank's Operations Department, supervising the conversion of our bookkeeping and information systems to computers.

The events, activities and results presented in this Annual Report come from the combined efforts of many people: directors, officers and staff. To all of these, and to our stockholders and customers, we express our appreciation and dedicate ourselves to continuing success for the bank.

F. G. Chadwick, Jr.
President

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Comparative Statement of Condition

December 31, 1970 and 1969

	1970	1969
RESOURCES		
Cash and due from banks	$ 54,571,351	$ 50,829,467
Investment securities[1]:		
United States Government obligations	17,508,532	14,749,040
Obligations of states and political subdivisions	47,924,967	17,034,781
Other securities, including Federal Reserve Bank Stock	562,500	487,500
Loans[2]	185,207,287	181,222,651
Bank premises and equipment[3]	6,207,967	6,017,665
Customers' acceptance liability	1,346,926	1,515,600
Accrued interest receivable and other assets	1,940,418	1,491,721
TOTAL RESOURCES	$315,269,948	$273,348,425
LIABILITIES		
Demand deposits[1]	$161,782,255	$154,055,310
Time deposits[1]	99,157,774	79,470,887
TOTAL DEPOSITS	260,940,029	233,526,197
Federal funds purchased	7,000,000	
Dividends payable	506,250	487,425
Acceptances outstanding	1,346,926	1,515,600
Unearned interest	4,155,869	4,816,146
Other liabilities[3]	14,963,178	8,250,570
TOTAL LIABILITIES	288,914,252	248,595,938
RESERVE FOR LOAN LOSSES[4]	4,205,167	4,205,167
CAPITAL FUNDS		
Capital stock, par value $5, authorized, issued and outstanding: 1,016,500 shares	5,082,500	5,082,500
Surplus[5]	12,500,000	10,000,000
Undivided profits[6]	4,568,029	5,494,820
TOTAL CAPITAL FUNDS	22,150,529	20,577,320
TOTAL LIABILITIES AND CAPITAL FUNDS	$315,269,948	$273,348,425

See notes to financial statements on page 10.

Member: Federal Reserve System/Federal Deposit Insurance Corporation

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Comparative Statement of Income

For the years ended December 31

	1970	1969
OPERATING INCOME		
Interest and fees on loans	$15,678,755	$14,496,571
Interest and dividends on:		
U.S. Government obligations	1,000,064	1,069,665
Obligations of states and political subdivisions	1,416,107	869,113
Other securities	29,055	28,950
Service charges on deposit accounts	943,146	1,053,264
Trust Department	1,169,076	1,105,292
Other operating income	1,022,756	845,213
Total	21,357,979	19,467,067
OPERATING EXPENSES		
Salaries and profit sharing	5,864,277	5,222,497
Pensions and other employee benefits[a]	779,128	657,240
Interest on deposits	4,355,383	3,901,888
Interest on borrowed money	517,318	56,496
Net occupancy — bank premises[a]	1,154,853	1,007,363
Equipment rentals, depreciation and maintenance	788,978	668,791
Provision for loan losses[a]	396,233	386,906
Other operating expenses	2,343,680	2,206,546
Total	16,120,230	14,087,897
Earnings before income taxes, security gains or losses and loss on sale of mortgages	5,137,749	5,379,170
Federal and state income taxes	(2,094,003)	(2,590,308)
Earnings before security gains or losses and loss on sale of mortgages	3,043,756	2,789,062
Gain or (loss) on sales of securities, net of tax effect of $59,625 in 1970 and $272,809 in 1969	69,187	(211,150)
Loss on sale of mortgages, net of tax effect of $140,455[a]	(125,558)	
NET INCOME	$ 2,987,385	$ 2,577,912
Per share of capital stock:		
Earnings before security gains or losses and mortgage loss	$ 2.98	$ 2.74
Gain or (loss) on sale of securities	.07	(.20)
Loss on sale of mortgages	(.12)	
Net income	$ 2.94	$ 2.54

See notes to financial statements on page 10.

Statement of Changes in Capital Funds

For the Years Ended December 31

	1970	1969
Balance, beginning of year	$20,577,320	$19,455,375
Additions:		
Net income	2,987,385	2,577,912
Transfer from reserve for loan losses[4]	4,194	
Deferred tax credit	4,730	
	23,573,629	22,033,287
Deductions:		
Transfer to reserve for loan losses[4]		83,692
Cash dividends declared	1,423,100	1,372,275
Balance, end of year	$22,150,529	$20,577,320
Cash dividends declared — per share	$1.40	$1.35

Statement of Changes in Reserve for Loan Losses

For the Years Ended December 31

	1970	1969
Balance, beginning of year	$4,205,167	$4,107,523
Recoveries credited	194,513	114,704
Transfers to this reserve:		
Provision charged to operating expenses	398,233	366,906
Charged (credited) to undivided profits	(4,194)	83,692
Deferred tax charge (credit)	(4,730)	106,159
	4,788,989	4,778,984
Losses charged to this reserve	583,822	573,817
Balance, end of year	$4,205,167	$4,205,167

[picture omitted]

To the Stockholders and
The Board of Directors
The First New Haven National Bank:

We have examined the statement of condition of The First New Haven National Bank as of December 31, 1970 and the related statements of income, changes in capital funds and reserve for loan losses for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination of the financial statements for the preceding year.

In our opinion, the aforementioned financial statements present fairly the financial position of the First New Haven National Bank at December 31, 1970 and 1969 and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS.
& MONTGOMERY
Certified Public Accountants
New Haven, Connecticut
January 15, 1971

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Notes to Financial Statements

1. Investment securities are stated at cost less amortization of premiums or at cost if purchased at a discount. The value of these securities at market quotations approximated $64,945,000 and $98,103,000 at December 31, 1970 and 1969, respectively. Securities with book values of about $18,390,000 and $11,382,000 at December 31, 1970 and 1969, respectively, were pledged to secure certain deposits. Securities with a book value of about $1,000,000 at December 31, 1969 were loaned against collateral.

2. Bank premises and equipment are stated at cost less accumulated depreciation or amortization and other write-downs. Depreciation is calculated on accelerated and straight-line methods. Estimated useful lives range from 40 to 50 years for buildings and from 6 to 10 years for furniture, fixtures and equipment. Leasehold improvements are amortized over their useful lives or the initial terms of the respective leases, whichever is shorter. Depreciation and amortization amounted to $466,988 and $419,194 for the years ended December 31, 1970 and 1969, respectively. The bank operates a number of branches on leased premises for which the aggregate annual rentals approximate $148,500. The Bank was committed for architectural and construction costs of approximately $650,000 at December 31, 1970.

3. Other liabilities at December 31, 1970 include $7,052,319, representing participations under agreements to repurchase maturing in less than one year collateralized by mortgage assigned totaling approximately $16,500,000.

4. The additions to the reserve for loan losses charged to operating expenses is based on a five year moving average of actual net losses in relation to loans outstanding. Differences between amounts so determined and amounts deductible for tax purposes are made through Undivided Profits. The reserve at December 31, 1970 and 1969 was approximately the maximum permitted under Internal Revenue Service regulations.

5. In December, 1970, the Board of Directors approved a transfer of $2,500,000 from Undivided Profits to Surplus.

6. The Bank has an employees' retirement plan covering all full-time employees who have reached age 25 and completed one year's service. Pension expense for the years ended December 31, 1970 and 1969 were $191,342 and $186,813, respectively. The prior service cost under the plan has been paid in full. It is the bank's policy to fund current service costs as they accrue.

7. In June, 1970, the Bank sold two blocks of mortgage loans which, under agreement with the purchaser, they continue to service. The block sale of mortgages is not an ordinary transaction of the Bank and, with the concurrence of the office of the Comptroller of the Currency, the resultant loss has not been included in operating expenses.

8. Subject to the approval of regulatory authorities, the Bank has entered into a joint venture Edge Act Corporation with the South Shore National Bank, Quincy, Massachusetts, to be known as Shorahaven Bank International. The Bank's share of capital will be $1,000,000 to be contributed over 18 months from the inception of the company.

9. The Boards of Directors of the Bank and the Connecticut National Bank of Bridgeport have approved an agreement of consolidation of the two banks. Refer to page 5 for additional information.

[picture omitted]

REVIEW OF THE YEAR

Capital Funds

	December 31	
	1970	1969
Capital	$ 5,082,500	$ 5,082,500
Surplus	12,500,000	10,000,000
Undivided Profits	4,568,029	5,494,820
	$22,150,529	$20,577,320
Book value per share 1,016,500 shares	21.79	20.24

Deposits

Deposits as of December 31, 1970, stood at $260,940,029, a gain of $27,415,832 from the previous year.

Deposit totals for the past 10 years are shown below.

10 Year Summary of Deposits As of December 31

1970	$260,940,029	1965	$190,474,343
1969	233,526,197	1964	179,566,600
1968	248,393,804	1963	173,627,284
1967	221,883,038	1962	161,725,835
1966	203,885,235	1961	146,932,397

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Loans and Credit Services

Money management during 1970 was a challenge in all areas. During the first half loan demand was extremely heavy, and a realistic loan to deposit ratio was of constant concern. We were, however, able to support all of our customers' normal demands, and during the last half of the year a softening of interest rates, an increase in time deposits and a decrease in loan demand, enabled us to be less restrictive in our loaning activity.

Total loans at year end were $185,207,287 as compared to $181,222,651 at the end of 1969. Average total loans of $185,995,430 accounted for $15,678,755 of the bank's total income.

Commercial loans made to business and individuals for many purposes averaged $66,137,000 during the year, or 36% of the loan portfolio.

Real estate loans were reduced in 1970 because of the curtailment in our mortage lending program. Construction mortgage commitments were substantially lower and total loans at year end were $61,262,648 as compared to $64,321,308 for 1969. They contributed 33% to our total loans.

Instalment Loans, including CAP, were also reduced, mainly due to the effects of monetary policy in all loan areas. Outstandings averaged $53,007,000 as compared to $55,681,000 for 1969, or 29% of our total loans.

During the year we continued to support and train our junior lending personnel, both with internal courses and courses outside of the bank. Active participation in actual loaning procedure was also utilized, which benefited both the bank and the participants, and we are proud of the potential talent that we have in our ranks.

The year just ended proved that with the proper cooperation and supervision we can channel and control our loan policies in a direction that can prove beneficial to our bank and to our community. It is significant that while nearly all other prices for commodities rose during the year, interest rates, or the price people pay for money, decreased substantially. The easing of monetary restraint is making itself felt in the availability of money and this, with impending political implications and the continuing battle with inflation, should make 1971 a year filled with extremely interesting challenges. It would appear that the decision has been made to speed recovery of the economy, and it should be a year to bolster the confidence of businessmen, the housing industry and the consumer.

LOAN PORTFOLIO

	December 31 1970	1969
Corporation and individuals	$ 72,912,504	$ 61,018,579
Mortgages	61,262,648	64,321,308
Instalment Loans of all types including Charge Account Plan (CAP)	51,032,135	55,882,764
Total	$185,207,287	$181,222,651
Less Reserve for possible Losses	4,205,167	4,205,167
	$181,002,120	$177,017,484

[picture omitted]

1882

Trust Department

Once again, the Trust Department exceeded its projected goals in terms of both commissions and fees earned and growth of total assets under administration. Gross income from services rendered totaled $1,169,076 and book value of assets in our care $307,142,494, exceeding $300 million for the first time in our history. Actual increases were $63,784 and $22,479,028 respectively. This gratifying result was accomplished during a period of general down-trends in the economy and significant disenchantment with the stock market climate for investors as well. Pressures for performance have not diminished but it appears comparisons between high-flyers and prudent investors have become more favorable for the latter.

We cannot be complacent about these results, however. Our ability to grow and prosper will continue to depend on the capability of our staff and the methods that we have and will continue to develop for providing the best trust service at reasonable cost to an increasing number of people in our banking area. Aggressive investment management that will meet the pressing need for income as well as capital appreciation over the years will require continuing research and courage to change investment emphasis while adhering to the guideline of prudence under which we must operate. Against this background, our trust new business development people continue to actively sell our full spectrum of trust services, working closely with our officers, attorneys, life underwriters, and accountants, with a view to current fee business in the form of living trusts and agencies as well as appointments for the future as executor and trustee for customers' estates.

The role played by our pooled investment funds continues to be significant. Common Trust Fund "A" had assets in excess of $13,712,406 as of November 30, 1970. The Pension and Profit Sharing Pooled Funds, designed to serve the smaller corporate customers' needs in this important employee benefit field, also grew satisfactorily and at year-end amounted to $4,857,841. The special pooled funds for the self-employed business men's pension plans (known generally as HR10 plans) are also serving their purpose well. Generally accepted investment performance measurement standards indicate very good results for these funds and their beneficiaries this year.

In reporting for the Trust Department a year ago, it was pointed out that the adequacies of our current fees for trust services would be carefully scrutinized. As a result of a review of our costs of doing business, which continue to rise as similar costs for all other kinds of service operations have, it was clear that an upward revision of our fees, the first significant change since 1957, could no longer be postponed if a reasonable return on trust operations was to continue in the years ahead. Such changes are never a "happy business", but we are convinced that both our present and future customers would prefer to receive the best possible care for their accounts at a slightly higher cost, rather than mediocre service and corresponding results that inadequate charges would inevitably produce.

People continue to be the cornerstone of our operations and the year was one of intense effort in recruiting the talents and skills we will require to meet the exigencies of death, retirements, and growing needs for additional staff to properly discharge our fiduciary responsibilities in administering trusts, estates, agencies and all other kinds of trust business. During the year four new officers joined our account administration and investment groups. However, at year-end, reflecting the continuing acute problem of personnel, we had only 23 officers (a net increase of one), and 35 staff members presently on board. This group of well trained individuals are all determined to perform in a way that will continually justify our customers' confidence in the Bank's capability to meet the changing requirements of this Trust Business.

[picture omitted]

10 Year Summary of Trust Assets
As of December 31

1970	$307,142,494	1965	$200,016,618
1969	284,663,465	1964	182,306,878
1968	261,566,937	1963	176,776,894
1967	234,571,999	1962	162,524,743
1966	217,376,671	1961	176,594,733

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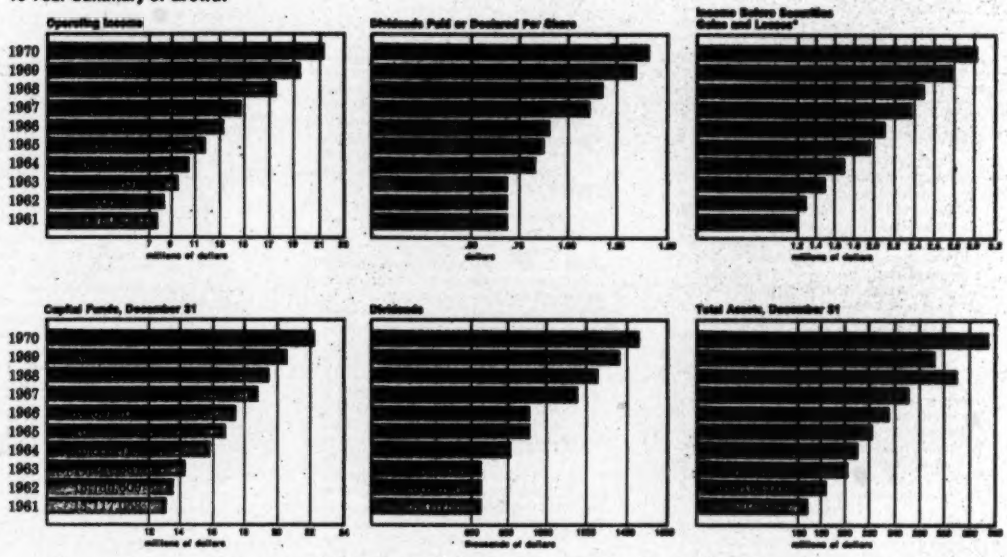
10 Year Summary of Growth



*Information after 1967 on new basis for reporting adopted by regulatory agencies in 1969.

[picture omitted]

1884

Promotions

During the year the following people were advanced to new positions of responsibility within the bank:

To Assistant Comptroller
Clifford E. Augur
To Vice President
Chester R. Carpenter
Francis A. Merola
Henry J. Pizagli
John W. Seipold
James J. Terzakis
To Assistant Vice President
Andrew A. DelGrego
M. Thompson Dill
Alma A. Dixon
Orest T. Dubino
Joseph G. Lane, Jr.
Hazen Y. Mathewson
Anthony L. Minichino
William T. O'Brien, Jr.
Clarice E. Redfield
Edwin M. Tucker
Earl K. Wilson
To General Auditor
Robert T. Dinan
To Credit Officer
Renato Betterten
To Trust Investment Officer
Malcolm Farrel, Jr.
Peter B. Redfield
George B. Watts, Jr.
To Assistant Trust Officer
Richard J. D'Amours
Karl W. Marsh
To Financial Planning Officer
Penny J. Berger (Mrs.)
To Assistant Account Officer
Joseph D'Addio
To Item Processing Officer
Thomas F. Hilson
To Assistant Security Officer
Elwood E. Franklin
To Branch Administration Officer
F. Perry Wilson, Jr.
To Branch Officer and Manager
Peter A. DeCaprio
Robert F. Festa
Anthony G. Gennaro
Arthur R. Rhatigan
To Branch Officer
William F. Butler
LeMar R. Kelly
Joseph L. Lazzi
To Branch Operations Officer
Robert L. Eigler

Retirements

Eight officers and staff members retired from the bank during 1970, including Clifford E. Augur, Assistant Comptroller, with more than 47 years of service, and Donald F. Bradley, Senior Vice President, who completed 23 years with the bank, and was a distinguished leader in the banking and business communities.

RETIRED — 1970	YEARS OF SERVICE	DEPARTMENT
Anna M. Johnson	16	*Trust*
George L. Whelan	9	*Branch Administration*
Gladys M. Barry	10	*Reproduction*
Gladys P. Reiss	9	*Trust*
Clifford E. Augur, Asst. Comptroller	47½	*Accounting*
Hyman Matloff	5	*Branch Administration*
Donald F. Bradley, Sr. Vice President	23	*Public Relations*
Lillian J. Gaunya	16	*Milford*

[picture omitted]

In Memoriam

It is with great sorrow that we report the deaths during the year of seven associates, two of whom had retired. *Gerald G. Hotchkiss*, who retired as a Vice President in 1965, was active in numerous civic and business enterprises, including the Greater New Haven Chamber of Commerce, which he had served as President. He died November 28th.

Thomaston M. Gould, Assistant Trust Operations Officer, passed away suddenly on May 24, 1970, after 29 years with the bank. *Margaret E. McGowan*, a member of our Branford office, died January 7, 1970. *Olive C. Kerr*, a member of the Discount Department, passed away January 11, 1970, and in August *Anthony Civitello*, a member of the Maintenance Department who had been in critical condition following open heart surgery several weeks before, died on the 12th day of the month. *Bertram R. Rowe*, a retired member of the Analysis Department, passed away December 14, 1970.

Geraldine M. Giulietti, a member of the bank's Accounting Department, died November 9, 1970.

All of these people are remembered with respect and affection and will be greatly missed.

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Operations

The installation of the Voice Response System was a significant development in our continuing program to provide accurate account information quickly to tellers and officers for the ultimate benefit of our customers.

VRS, which is linked to a computer, resembles a telephone on which account numbers may be dialed. The computer retrieves data on current balance, average balance, activity and other information and replies in human voice, the entire procedure taking just a few seconds.

During the year we plan to include Installment Loan and C.A.P. (our Charge Account Plan) in this system, thus speeding the process of account information retrieval for those important retail services. We are also installing a visual display system, whereby account information from a computer appears on a small desk-top screen, for the CAP Department.

As our Computer Services Department continues to expand, we constantly explore new services which can benefit customers and, at the same time, return a profit to the bank. Our Fuel Oil Dealer system, one of the pioneer plans of its kind in the nation, experienced a growth of 20% last year. We now have customers in Pennsylvania, New York, Vermont and Massachusetts, in addition to Connecticut.

More and more businessmen are perceiving the computer as a means of controlling their operational costs, handling their bookkeeping and providing accurate information and, as a consequence, we have an increasing number of requests from customers to assist them in developing such programs.

Management at all levels and in nearly all industries is more and more intrigued with MIS, the Management Information System which can assist planning and forecasting through the evaluation of information. The Operations Department is currently engaged in coordinating the activities of our entire management to develop a MIS program for our bank.

This is a long range project which, when completed, will provide us with the information to manage and operate your bank more efficiently.

1886

[picture omitted]

Assets

At the end of the year the Bank's assets were distributed as follows:

	December 31 1970	1969
Cash	17.3%	18.6%
U.S. Government Securities	5.6	5.4
Municipal & Other Securities	15.4	6.4
Loans and Discounts	58.7	66.3
Real Estate and other Assets	3.0	3.3
	100.0%	100.0%

Investments

A dramatic change in the size and composition of our investment portfolio began to manifest itself in mid-year, with the removal of previous restrictions on rates of interest allowed to be paid on large-size time certificates of deposit maturing in under 90 days.

Funds which had been siphoned off into higher yielding money market instruments now returned in quantity and, in time to enable us to bid aggressively on a heavy volume of short term bond anticipation notes that the cities and towns of our market area were selling to finance capital improvements, pending a more favorable climate in the market for bonds.

When, in the wake of the General Motors strike, the expected seasonal increase in loan demand failed to develop, other funds were diverted to the short term tax exempt market and to adding modestly to our government bond account. As a result, we had roughly $31,000,000 more municipals and $2,500,000 more governments at the year end than a year previously. The average maturity of the government portfolio had dropped from two years, nine months to two years, five months, and of our municipals from six years, three months, to three years, ten months, in the same time span.

A relaxation of Federal Reserve monetary policy and lagging economy resulted in a substantial decline in interest rates and produced opportunities for bond profits which were realized towards the end of the year. Net of tax effect, these profits came to $69,187.00 compared with net losses on sales of securities in 1969 of $211,150.00.

At the year end the market value of our total bond account was $64,944,669.

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[picture omitted]

International Banking

During 1970 action was taken to broaden our international banking capabilities in a number of significant ways. After more than 50 years of operating a limited Foreign Exchange Department, which issued letters of credit, drew drafts and performed similar functions through a New York correspondent bank, we took steps to become fully self-sufficient. Our decision was made in part on the recommendations contained in an extensive study completed for our bank that clearly showed both the need and the economic justification for such a move.

Agreements with 50 foreign banks now provide for the international needs of our customers throughout the free world. We are now issuing our own commercial letters of credit, foreign drafts and foreign cable and airmail payment orders through these overseas banks.

Direct account relationships have been established with banks in Spain, France, Germany, England, Ireland, Italy and Canada, to better serve heavy customer demand in those countries.

The staff has been expanded to eight people, half of whom speak foreign languages, and who are completing their final stages of international banking training.

In addition, your Bank and South Shore National Bank, Quincy, Massachusetts, are forming a joint overseas banking corporation to be called Shorehaven Bank International, with headquarters in Boston.

Shorehaven International is being established to permit both banks to meet the increasing needs of domestic customers who are expanding overseas. It is being formed under the provisions of the Edge Act, and will be regulated by the Federal Reserve.

Three wholly-owned subsidiaries are being created, including Shorehaven Finance, Ltd., Bermuda; Shorehaven Offshore, Inc., and Shorehaven Leasing of Canada, Ltd., with offices in Montreal.

Shorehaven International will be principally concerned with overseas leasing and financing.

Branch Offices

Spurred by increased competition and the need for more attractive and functional office space, we are building one new branch and relocating two others in our system. All three are patterned after the basic design of our Wallingford and East Street (New Haven) offices and provide economies of construction and efficiencies of use.

Derby Avenue, in New Haven, is the site of our new branch office. Located at the corner of Norton Street, this spacious and attractive office is nearing completion, with an opening scheduled in late February or early March, 1971. Located on heavily-traveled Route 34, it will serve the needs not only of the Dwight Redevelopment area but the rapidly expanding St. Raphael's Hospital complex.

Allingtown is one of our re-located offices. After 12 years at Orange and Taft a booming growth in deposit structure, increased loan activity and greater customer traffic indicated the clear need for larger and more efficient quarters. We have, therefore, built a larger banking office in the same block, at Orange and Front Avenues, only a hundred feet away.

[picture omitted]

This branch, nearing completion, is larger, more attractive, and offers three drive-ins, safe deposit facilities and spacious parking area.

The greater degree of accessibility plus drive-in banking and safe deposit boxes, should increase the number of customers we can serve.

Our *Post Center* office, once the most obscure among its retail neighbors in the Connecticut Post Shopping complex, will soon be our most visible. The new office, expected to open in February, is a free-standing building structure situated near the entrance of the shopping area.

The attractive office and its lighted sign will be visible from the Connecticut Turnpike and the Post Road, both heavily traveled. The branch offers not only attractive decor but such services as a drive-in teller and safe deposit facilities not available in the previous office.

REMODELED AND REDECORATED

Branford (two new free-standing drive-ins; one in-branch drive-in; enlarged parking area; widened driveway; additional parking entrance); *East Street*, New Haven, and Guilford (landscaping); *Howard Avenue*, New Haven, (widening driveway exit); *Milford* (two new free-standing drive-ins); *Wallingford* (addition of front and rear vestibule).

Altogether, the new construction and remodeling represents a total cost of more than $700,000.00.

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Board of Directors

*Spencer M. Berger
President & Chairman of the Board
The Berger Brothers Company

Dudley F. Blanchard
Executive Vice President
Wyatt, Inc.

Richard H. Bowerman
President
The Southern Connecticut Gas Company

*Guido Calabresi
Professor of Law
Yale University

Allan R. Carmichael
Chairman of the Board & Trustee
Connecticut Savings Bank

Frank G. Chadwick, Jr.
President
The First New Haven National Bank

Joel Cohen
President & Treasurer
Joseph Cohen & Son, Inc.

William J. Cooper
Chairman of the Board & Chief Executive Officer
The United Illuminating Company

James H. Gilbert
President
C. W. Blakeslee & Sons, Inc.

Thomas Hoopes
Executive Vice President
The First New Haven National Bank

*H. Everton Horsey, Jr.
Private Investment Management

Lionel S. Jackson
Executive Vice President
The Register Publishing Company

Robert E. Lapsley
President
United Aluminum Corporation

John W. McDevitt
Supreme Knight
Knights of Columbus

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CHARLES M. O'HEARN
Assistant to the President, Retired
Yale University

HOWARD T. PHELAN
President & Chief Executive Officer
Jamaica Water & Utilities Company

ALBERT S. REDWAY
Retired

J. COY REID
Chairman of the Board, Retired
The First New Haven National Bank

FORBES SARGENT
Chairman of the Board, Retired
Sargent & Company

C. NEWTON SCHENCK, III
Attorney
Wiggin & Dana

F. MORGAN TAYLOR, JR.
Vice President & Operations Manager
Recreation Products Operation
Winchester Group, Olin Corporation

STANLEY S. TROTMAN
New Haven County District Agent
Northwestern Mutual Life Insurance Company

EDGAR TULLOCK
President
Milner, Read & Tullock, Inc.

ALFRED W. VANSINDEREN
President
The Southern New England Telephone Company

HENRY C. WALLICH
Professor of Economics
Yale University

G. HAROLD WELCH
President
Harwel Corporation

NOBLE WELCH
Vice President
Chemical Bank

PAUL M. ZORN
Retired

* *Associate Director*

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Top photo, left to right:
Frederick R. Chase
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Stony Creek, Inc.
William C. Carnay
Owner
Oak Murray & Carnay
Vincent S. Gherardi
President
Gherardi Construction Company
W. E. Hitchcock, Jr.
President
Atlantic Wire Company

Bottom photo, left to right:
Marshall H. Williams
Retired
Nicholas Nuzzo, M.D.
Physician & Surgeon
Retired Practice
Ray C. Rogers, Chairman
Chairman & Director
The Rogers Corporation
John Bevan Callahan
General Personnel Supervisor
The Southern New England
Telephone Company
Theopald F. Hansen
Chairman of the Board
Admiral Fine Wines
Company

It is with deep sorrow that we report the death on October 16, 1979, of Lewis O. Hamilton, a member of the Branford Advisory Board, who served the Bank with loyalty and distinction. He will be missed for his counsel, his wisdom and his friendship.

Milford Advisory Board

Top photo, left to right:
Harry F. Sylvester, Jr.
Real Estate and Insurance
Robert D. Beard
President
Beard Hotel & Guest Company
Gilbert F. Kinsman
Vice President, Finance
U.S. Shoe Corporation
Division of Emerson Electric
Company
Daniel A. Johnson, Jr.
Vice President
Aspinook Company
Harold F. Woodcock
Retired

Bottom photo, left to right:
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President
Connecticut Manufacturing
Company
Christian A. Brown
Real Estate
Harold Hayden
Chevrolet Sales Corporation
Albert P. Brown, Chairman
Chairman
The Page Motor Company, Inc.
James D. Gomo
Senior Vice President
The First New Haven
National Bank

Not present when photo was taken:
Joseph R. Ferguson, Jr.
President
Ferguson Milford, Inc.

Dixwell Plaza Advisory Board

Top photo, left to right:
Harold S. Ivan, D.D.S.
Chairman
Mary J. Hamilton
President & Treasurer
Anna Mitchell Home and
Store, Inc.
W. Maynard Hamilton
Attorney
Fran S. Snow, M.D.

Bottom photo, left to right:
Charles S. Clark
Retired Attorney
Lawrence Mitchell
Treasurer
The Corporation of
New Haven, Inc.
David J. Walker
Union & Walker Funeralists

1891

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Executive Vice President
Thomas Hooker

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John E. English
John D. Greco
E. Perry James
Burdette L. Meyer

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Paul H. Johnson

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Howard J. Holmes

Assistant Security Officer
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Edgar Beale

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Joseph D'Addio

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Edward C. Knowlton

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Assistant Vice President
Anthony L. Minichino

Assistant Accounts Officers
June M. Carrano (Mrs.)
Janet H. Pedlow (Miss)

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Aurelio F. Fusco

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Auditor
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F. Perry Wilson, Jr.

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Gerald D. Hansen

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Burdette L. Meyer

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Commercial Loan Officer
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Business Development Officer
John A. Early, Jr.

CREDIT

Credit Officer
Renate Betterton (Mrs.)

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Assistant Vice President
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Financial Planning Officer
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George W. Heston

ADVERTISING AND PROMOTION

Vice President
Banning Repplier

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Senior Vice President
John E. English

Vice President
Richard L. Rice

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Thomas M. Taft

Assistant Vice President
Hazen Y. Mathewson

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Marc E. Vincent

Assistant Trust Officer
Richard J. D'Amours

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Chester G. Eliason

Assistant Trust Officer
John L. Smith

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Carl W. Lindskog

Assistant Vice Presidents
Sanford H. Peterson
Edwin M. Tucker

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Malcolm Farrel, Jr.
Peter B. Redfield
George B. Watts, Jr.

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Assistant Vice President
Robert Esmond

Trust Officer
Helene A. Hill (Mrs.)

Assistant Trust Officer
Karl W. Marsh

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Vice President
Robert A. Cairns

Assistant Tax Officer
Leonard G. Wirkus

OPERATIONS

Assistant Vice President
Raymond J. Dwyer

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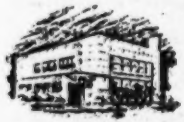
The Bank's Trust Department is charged with many different kinds of fiduciary responsibility. One recent example is as executor and co-trustee of the Foote Family Charitable Trust. Pictured is the children's play area of the Foote Memorial Park in Branford, constructed with Foote Family funds for town residents. Trust Department representatives include Malcolm Farrel, right, and Richard L. Rice, third from left. Other trustees, left to right, are Frank G. Chadwick, Jr., Macgregor Kilpatrick and, second from right, William E. Hitchcock, Jr.

Community Offices and Officers



BROADWAY,
88 Broadway
Assistant Vice President & Manager
Earl K. Wilson
Branch Operations Officer
Robert L. Eigler
Branch Officer
Peter A. DeCaprio

CHAPEL STREET,
Chapel at Orange
Vice President & Manager
Robert C. Fresco
Assistant Vice President
Henry W. Benedict
William T. O'Brien, Jr.

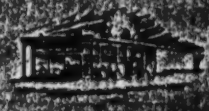
DIXWELL PLAZA OFFICE, 224 Dixwell Ave.
Branch Officer & Manager
Anthony G. Gomes

EAST [illegible] OFFICE,
830 East [illegible]
Branch Officer & Manager
Stanton [illegible]
Branch Officer
Dominic J. Gambardella

HOWARD AVENUE OFFICE, 896 Howard Ave.
Branch Officer & Manager
Frank C. Civitelli

LONG WHARF,
250 Sargent Drive
Branch Officer & Manager
Arthur E. Rhatigan

UPPER CHURCH,
215 Church Street
Assistant Vice President & Manager
Robert B. Finley
Branch Officer
Joseph L. Lanzi



ALLINGTOWN,
Orange at Tait
Assistant Vice President & Manager
M. Thompson Dill

WEST HAVEN, Campbell and Ashburton Plaza
Vice President & Manager
John W. Seipold
Branch Officer
William F. Butler

EAST HAVEN, Main at Chidsey
Branch Officer & Manager
Julius D. D'Urso
Branch Officer
George Murphy

1894

BRANFORD,
119 Montowese Street
Vice President & Manager
Francis A. Merola
Branch Officer
Joseph A. Schmitz

BRANFORD CENTER,
1016 Main Street
Branch Officer & Manager
Sherwood H. Brousseau

DERBY, Valley Shopping Center, Pershing Drive
Branch Officer & Manager
Anthony J. Gentile

MILFORD, 21 Broad St.
Vice President & Manager
Robert N. Cooke
Assistant Vice President
Arthur Viola
Branch Officers
Elwood B. Franklin
LaMar R. Kelly

DEVON, Bridgeport at Naugatuck
Branch Officer & Manager
Robert J. Lemay

1895

GUILFORD,
916 Boston Post Road
Branch Officer & Manager
Robert F. Festa

HAMDEN,
2305 Whitney Avenue
Vice President & Manager
George H. Olson

CONNECTICUT POST CENTER,
Branch Officer & Manager
Sherman A. Dardis

ORANGE,
Firelite Shopping Center
Assistant Vice President & Manager
Joseph G. Lane, Jr.

WALLINGFORD,
950 No. Colony Road
Assistant Vice President & Manager
Robert M. Gulley

GX-123

THE STATE NATIONAL BANK OF CONNECTICUT APPLICATION FOR A BRANCH BANK AT POND POINT LANE AND NEW HAVEN AVENUE STATE ROUTE 122—MILFORD, CONNECTICUT

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2. AREA MAPS
3. 1967 MARKET REPORT (SOUTHERN NEW ENGLAND TELEPHONE COMPANY)
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THE STATE NATIONAL BANK OF CONNECTICUT SUMMARY OF INFORMATION IN REGARD TO APPLICATION FOR A BRANCH OFFICE— POND PAINT LANE AND NEW HAVEN AVENUE STATE ROUTE 122—MILFORD, CONNECTICUT

ITEM NUMBER

1.) The proposed branch is to be located at the corner of Pond Point Lane and New Haven Avenue, State Route 122, opposite Old Gate Lane in Milford, County of New Haven, Connecticut.

2.) Population of Bridgeport (Head Office City)

1950 Census	159,352
At Last Census (1960)	156,748
Present Estimate	155,200

3.) Population of Milford

1950 Census	26,345
At Last Census (1960)	42,595
Present Estimate	47,500.

4.) a.) The estimated population of the proposed service area is approximately 6,500.

b.) One mile north, one mile east, 2½ miles south, and one mile west.

5.) This new branch will offer all our regular banking services, including checking accounts, savings accounts, mortgage loans, commercial loans, personal, education, and home improvement loans, travelers checks, foreign exchange, Christmas clubs, etc. It will also offer the full services of our Trust Department, which now has a book value in excess of $208,000,000. In addition to the above, this branch will enjoy the full services of our Data Processing Center located on State Street Extension, Bridgeport, at Exhibit 24 on the Connecticut Turnpike. The Data Processing Center will offer additional services to our customers, such as complete payroll package, account reconciliation, municipal tax program, one check payroll, accounts receivable, accounts payable, sales analysis, etc.

Demand for loans at this proposed branch are expected to be real estate mortgage loans, installment loans of all types, loans to individuals, loans to retail establishments, other commercial loans.

The establishment of the proposed branch will enable our bank to develop new demand and time deposits, attract trust and mortgage business and the normal lending, i.e., commercial and installment loans.

Milford has an area of 23.6 square miles. It is bordered on the west by the town of Stratford and Housatonic River, on the north by Orange, on the east by West Haven, and on the south by Long Island Sound. The city is approximately 10 miles west of New Haven and seven miles east of Bridgeport.

6.) The proposed branch is located approximately 14 miles southeast of the head office in Bridgeport.

The topography of Milford varies from a limited coastal plain and tidal marshes along Long Island Sound to wooded slopes and open pastures a few miles inland. The wide outlet of the Housatonic River which borders the town on the west, is a dominant topographic feature.

7.) The State National Bank of Connecticut has no existing branch locations within the proposed service area.

8.) Competitor banks located within close proximity of the service area are as follows:

	Location marker, number, names and addresses	Deposits (As of 10/4/67 Parent Bank)	Loans	Distance by Road Mileage and Direction From Proposed Location
(13)	First New Haven National Bank 110 Connecticut Post Shopping Center Milford, Connecticut	$222,771,700.	$161,023,600.	1.3 miles north
(14)	First New Haven National Bank 21 Broad Street Milford, Connecticut	Same as above		2.4 miles west
(15)	Second National Bank of New Haven Milford Office—68 Broad Street Milford, Connecticut	(As of 10/4/67 Parent Bank) $137,021,200.	$ 90,246,800.	2.5 miles west
(16)	Connecticut National Bank 299 Boston Post Road Milford, Connecticut	(As of 10/4/67 Parent Bank) $281,365,000.	$169,984,300.	4.6 miles northwest
(17)	City Trust Company Ford Street and Boston Post Road Milford, Connecticut	(As of 10/4/67 Parent Bank) $221,167,000.	$153,014,000.	4.8 miles northwest

9.) The area map appropriately labeled showing the proposed branch location and competition banks is attached to this application.

10.

	Names and Addresses	Date Established if Within Three Years	Share Accounts	Loans	Distance by Road Mileage and Direction From Proposed Branch
			(As of 12/31/66)		
(10)	Milford Savings Bank 33 Broad Street Milford, Connecticut		$ 18,058,222.92	$ 15,628,343.40	2.4 miles west
			(As of 6/30/67 Parent)		
(12)	First Federal Savings and Loan of New Haven Broad Street, Corner of High St. Milford, Connecticut		$155,386,496.46	$151,089,179.72	2.4 miles west

11.) The following is a list of credit unions, finance companies and other institutions granting loans within the proposed service area at the present time. These institutions were in existence three years ago:

Household Finance Company—Milford
Mutual Loan System of Milford
Edgecomb Steel Employee Credit Union
Milford Rivet Employee Credit Union
Waterman Pen Employee Credit Union

12.) We anticipate little competition from the mutual savings bank or the savings and loan association. This is justified, we feel, since we are a full-service bank and the 2.2 mile distance to the savings bank and the savings and loan association from our proposed location, makes active competition unlikely.

13.) Survey prepared September 18, 1964 by F. Prunier, employee, at no additional cost to the bank.

14.) a.) The homes in the general area are 70% owner occupied according to the 1960 census. There is a mixture of type of home in the area, with a large portion having been built within the last five years. Present construction of new homes is continuing at a good rate.

New houses on the market are characterized by two different price levels: a $20,000 to $30,000 group and a $35,000 to $45,000 group. All homes are built on one-fourth to one-half acre lots in accordance with zoning regulations.

The surge of new house construction is further reflected by the rise of Milford dwelling units from 9,432 as reported in 1950 census, to 13,364 according to 1960 census figures, to 14,779 as of 7/1/65 per the State Department of Public Works, for a gain of 11% since 1960 and an overall gain of 57% since 1950.

b.) 1. Today, Milford has more than 115 industrial establishments with a total annual payroll of approximately $75,000,000. Increasing pop-

ulation, new highways, a highly satisfactory labor climate and many natural resources (not fully developed) promise Milford businesses a great future.

2. Milford is one of an eight-town region defined as the Bridgeport Labor Market Area, which includes Bridgeport, Easton, Fairfield, Milford, Monroe, Shelton, Stratford, and Trumbull.

3. There is a fair amount of vacant land available for growth of industry.

A partial listing of Milford industries will be found in the enclosed market report, published in January, 1967 by the Southern New England Telephone Company.

4. The following are some of the businesses located within 2500 feet of the proposed branch site:

Aerosol Techniques, Incorporated
Hunt-Pierce Corporation
Schick Razor Company
U. S. Motors, Incorporated
Reliable Steel & Drum Company
Gasoline Stations—Shell and Atlantic

In addition, the Pond Point Shopping area, located within Milford, contains:

grocery market
liquor store
floor covering shop
luncheonette
wash 'n' dry laundry
paint store
cleaners
instrument corporation
hair dresser
barber shop
pharmacy
automotive specialties

This area is not a "shopping center".

c.) Although the proposed branch is expected to be located in a small neighborhood shopping center, there are no plans completed for the number of units intended in the center, etc.

d.) The fact that Milford is conveniently located between Bridgeport and New Haven, is reason to suppose that the population will rise steadily over the next ten years because of new job availabilities resulting from commercial expansion in both of these major Connecticut cities, in addition to Milford itself.

Using the past ten year population growth trend, and rapid construction of new homes and industry in the Milford area as our indicators, we can reasonably predict a 50,000 population by 1970.

Business has been rapidly expanding into the Milford area. That portion of the Milford industrial park immediately to the northeast of the proposed branch site contains the following companies:

Aerosol Techniques, Reliable Steel & Drum Company, U. S. Motors, Hunt-Pierce Corporation, Cashway, Schick Razor Company.

This park is located on a 150 acre tract of land between Connecticut Turnpike and the New Haven railroad near Exit 40 of the Turnpike. The area is zoned for heavy industry.

Traffic from the area will travel on State Highway Route 122 considered the scenic shore route between Milford and New Haven, flowing in a westerly direction to West Haven, and in an easterly direction to the downtown Milford area, or points north connecting with North Street or the Boston Post Road and Connecticut Turnpike. Traffic flowing in either direction passes directly by where the proposed branch is to be located. Route 122 is considered to be a main thorofare.

Notwithstanding its geographical position between two of the state's largest retail centers, Bridgeport and New Haven, Milford's retail merchants accounted for an estimated gross business of approximately $102,000,000 during 1965.

15.) a.) The estimate of deposits and loans now held by the State National Bank of Connecticut, originating in the area to be served by the proposed branch, is as follows:

Total Accounts	3
Total Deposits	10,000
Total Number of Loans	None
Current Amount	None

The estimated amounts of new deposits and loans expected in the proposed service area are as follows:

	Deposits	Loans
Expected End of First Year	$1,000,000	$1,000,000
Expected End of Third Year	$2,500,000	$3,000,000

b.) Estimates for the projected deposit and loans were arrived at by studying growth trends for operating branches serving areas with similar characteristics or potential.

16.) In addition to attracting new customers, the proposed branch will enable us to gain business from those customers located in the Woodmont area which might be lost to competition located outside of the proposed service area. Also, because of the housing expansion and the migration of families from other areas serviced by our bank to this area, we can anticipate some of our customers from other areas moving into Milford.

17.) A projection of earnings and expenses for each of the first three years of operation, is as follows:

1906

	First Year	Second Year	Third Year
Estimated Average Deposits	$1,000,000	$1,750,000	$2,500,000
Estimated Income (Gross)	60,000	105,000	150,000
Estimated Operating Expenses:			
Rent Building	9,750	9,750	9,750
Depreciation-Furniture, Fixtures & Leasehold Improvements	6,000	6,000	6,000
Salaries	25,000	27,500	30,000
Cleaning & Maintenance	3,000	3,000	3,000
Other Expenses-Stationery, Telephone, Supplies, Utilities, Bookkeeping, etc.	9,000	10,000	11,000
Interest on Time Deposits	20,550	35,960	51,375
Total Expenses	$73,300	$92,210	$111,125
Net Income	$13,300(Loss)	$12,790(P)	$ 38,875(P)

a.) Not applicable

b.) The proposed branch location will be on a leased basis. The owners have agreed to build a branch bank of one story, Colonial design, brick veneer, with drive-up window, totaling 3,000 square feet. We will lease these quarters at $3.25 per square foot for a fifteen year period. The lease will provide for three five-year renewal options.

c.) Not applicable

d.) No option

e.) The estimated completion date of construction is June 1, 1968.

f.) Not applicable

g.) It is estimated that the proposed branch can be placed in operation within six months following approval of the application.

GX-124

THE STATE NATIONAL BANK OF CONNECTICUT SUMMARY OF INFORMATION IN REGARD TO APPLICATION FOR A BRANCH OFFICE ON SOUTH BROAD STREET, IN THE TOWN OF WALLINGFORD, CONNECTICUT

1. The proposed branch is to be located in the Caldor Shopping Center, South Broad Street, Route #5, Wallingford, New Haven County, Connecticut (This location is approximately 1/10 of a mile south of the Wallingford/Meriden town line, which divides the service area of our proposed branch between the towns of Wallingford and Meriden. Therefore, information concerning the town of Meriden, in addition to the town of Wallingford, has been included in our Summary of Information, where applicable).
2. Population of Bridgeport, head office city, as of the last two decennial census and a present estimate:

Census—1950	158,709
At Last Census—1960	156,748
Present Estimate—1969	152,300

3. Population of the towns of Wallingford and Meriden as of the last two decennial census and a present estimate:

	Wallingford	Meriden
Census—1950	16,976	44,088
At Last Census—1960	29,920	51,850
Present Estimate—1969	34,200	57,200

4. a) The estimated population of the proposed service area where we expect to generate 75% or more of our loans and deposits, as of the last two decennial census and a present estimate:

Census—1950	30,532
At Last Census—1960	40,905
Present Estimate—1969	46,000

   b) This area extends from the proposed branch location approximately 1.7 miles north, 2.4 miles east, 2.8 miles south and 1.6 miles west.

5. The proposed branch will offer all of our regular banking services, such as checking and savings accounts, mortgages, personal, commercial, educational and home improvement loans, instant check credit, BankAmericard, Check Guarantee Service, travelers checks, etc. It will also offer the full services of our Trust Department, which now has a book value in excess of $257 million.

In addition, this branch will offer the full services of our Computer Center, including account reconciliation, accounts payable and receivable, complete payroll package, cost and sales analysis, muncipal tax programs, one-check payroll, and payroll accounting service, etc.

This branch will also offer the full services of our International Department, which will provide credit information on foreign business enterprises, direct mailing and collection of foreign drafts and checks, advances and acceptances (others and own), foreign drafts, foreign money transfers and foreign remittances, foreign trade information, import-export financing, letters of credit, purchase and sales of foreign currencies, telex communication service, travelers checks trip paks and foreign currency.

Demand for loans at this proposed branch are expected to include:

Real estate mortgage loans
Installment loans of all types
Loans to individuals
Loans to manufacturers and our commercial loans

The establishment of the proposed new branch will enable our bank to develop new demand and time deposits, attract trust and mortgage business, and the normal lending; i.e., commercial and installment loans and in so doing, provide this growing residential and manufacturing area with full-service banking facilities.

6. The proposed branch is located 39 miles northeast of our head office in Bridgeport.

7. The State National Bank of Connecticut has no other branches located within the service area of the proposed branch. Three approved applications pending, but not opened, are not located within the service area.
8. Competitor banks located within close proximity of the service area are as follows:

Location marker, number, names and addresses	Deposits	Loans	Distance by Road Mileage and Direction From Proposed Location
	(As of 12/31/69)		
The First New Haven Nat'l Bank Wallingford Branch 950 North Colony Road Wallingford, Conn.	(Main Office) $233,526,197.18	$181,222,651.40	1.4 mi. south
The Colonial Bank & Trust Co. Wallingford Branch North Turnpike Road Wallingford, Conn.	(Main Office) 225,856,280.80	167,599,804.33	3.0 mi. southwest
The Union Trust Co. North Colony Branch 670 North Colony Road Wallingford, Conn.	(Main Office) 445,476,393.18	335,175,260.89	2.3 mi. south
The Union Trust Co. Wallingford Branch 80 North Main Street Wallingford, Conn.	(Main Office) 445,476,393.18	335,175,260.89	4.2 mi. southeast
The Conn. Bank & Trust Co. Wallingford Branch 100 Center Street Wallingford, Conn.	(Main Office) 833,211,934.80	535,002,837.67	3.8 mi. south
The Home Nat'l Bank & Trust Co. Wallingford Branch 123 Quinnipiac Street Wallingford, Conn.	(Main Office) 39,987,447.00	28,604,561.00	3.9 mi. south

9. Duplicate maps of the area appropriately labelled, showing the proposed branch location are attached to this summary of information.

10.

Names and Addresses	Date Established if Within Three Years	Share Accounts	Loans	Distance by Road Mileage and Direction From Proposed Branch
Meriden Permanent Savings & Loan Association Colony Plaza Branch 1185 North Colony Road Wallingford, Connecticut	N/A	(Main Office) $29,419,093.28	$28,839,782.47	0.3 miles south
Dime Savings Bank of Wallingford Main Office Two North Main Street Wallingford, Connecticut	N/A	33,408,569.82	28,639,858.58	4.0 miles southeast

11. There are three credit unions, two finance companies, one private lender and five branch offices of major insurance companies located in the proposed service area at the present time. These institutions were in existence three years ago:

CREDIT UNIONS

H & D Employee Credit Union (Meriden)
Stanley-Judd Employee Credit Union (Wallingford)
Wallingford Steel Employee Credit Union

FINANCE COMPANIES

Public Finance Corporation (Wallingford)
J P Finance Company (Wallingford)

INSURANCE COMPANIES

Aetna
Fireman's Fund—American
Nationwide
Merchants Mutual Insurance Company
United States Fidelity & Guaranty

MICELLANEOUS

Kel-Mat Agency (Meriden)

12. The savings and loan association is only 0.3 miles south from our proposed location. However, we feel we can successfully compete with them because of the attraction of our full-service commercial bank facilities.

13. Not applicable.

14. a) Houses in the residential area of Wallingford and Meriden are generally owner-occupied single-family framed dwellings.

In 1960 there were 442 homes in Wallingford. This figure increased to 2,094 by year end 1969, a graphic example of how this area is growing. Of the 2,094 homes located in Wallingford, 38% or 804 homes were constructed within the last five years; 41% or 848 homes were constructed

within the last six to ten years and the remaining 21% or 442 homes were constructed over ten years ago.

Building permits covering home improvements and new homes are required in Wallingford and Meriden. The following table is the number and value of permits issued annually since 1963, which contributes significantly to the demand for loans in the area:

	Wallingford		Meriden	
Year	#of Permits	Value of Permits	# of Permits	Value of Permits
1963	772	$1,745/M	(Not Available)	
1964	680	5,095/M	1,109	$7,762/M
1965	533	5,633/M	1,097	9,625/M
1966	586	5,453/M	857	7,959/M
1967	574	4,810/M	1,004	8,046/M

Based on estimated projections for future general land use, we could anticipate the acreage in the Wallingford primary service area to be distributed approximately as follows:

Land Zoned As Follows	Total # of Acres in Wallingford	Number of Acres Contained in Wallingford Primary Service Area	Percent of Total Acres in Service Area
Residential	14,942	7,782*	52%
Commercial	550	350	64%
Industrial	3,345	2,795	83%
Open Space	6,940	3,830	55%
TOTAL	25,777	14,757	57%

* The residential acreage (7,782) has been further broken down as to projected number of dwelling units and estimated population growth as follows:

Item	1 Family 2 Acre	1 Family 1 Acre	2 Family 1 Acre	7 Family 1 Acre	Total Acres	Total Dwelling Units	Total Estimated Population
Number of acres contained in primary service area	1,306	4,434	1,380	656	7,788	12,439	37,317

Dwelling units in Wallingford and Meriden increased 75.3% and 26.2% respectively from 1960 to 1967. Since 1960, the average annual rate of new single-family homes constructed has been 118 for Wallingford and 180 for Meriden.

The values of new homes ranges from $20,000 to $30,000 with some homes in the $30,000 to $45,000 range. New homes being built in close proximity to the proposed branch location are selling from $28,500 to $32,000.

New housing construction is keeping pace with the demand with most new homes constructed in well-planned subdivisions. There are 21 building contractors in Meriden and several in Wallingford who are capable of meeting any increase in the demand for new homes.

Although several apartment houses have been built in the last few years, rental housing in Wallingford was in limited supply during 1967. Since 1960, an average of 58 apartment units have been constructed yearly. In addition to any private rentals that may become available, Wallingford has 245 moderate rental public housing units administered by the Wallingford Bureau Housing Authority. Rental housing in Meriden, generally, is in good supply with low to moderate rentals and low income housing projects for the elderly. Approval by the zoning board was recently given to Wallingford Associates to erect some 400 condominium units to the east side of Interstate 91 between Pond Hill Road and Harrison Avenue. Included in the apartment com-

plex are recreation facilities which include an 18-hole golf course. This area will occupy a 146-acre site with the cost of purchasing a unit estimated to be between $25,000 and $30,000.

Therefore, based on projected population estimates, available land suitable for development and continued expansion of existing manufacturing establishments, coupled with new commercial and industrial establishments located in this area, we feel the prospects for continuing development of the residential area are excellent.

b) The area immediately surrounding the proposed branch location is primarily industrial in nature. Based on the town of Wallingford's plan of development, it is estimated that land in a one-mile radius of the proposed branch in Wallingford will be made up as follows:

40% major industrial
20% major commercial
20% residential
20% designated as open space

Out of a total of 169 Connecticut towns, Meriden and Wallingford rank 16th and 18th respectively in number of manufacturing employees and 16th and 17th respectively in number of manufacturing establishments. Both towns are part of a three-town region (99.9 square miles) defined as the Meriden Labor Market Area, which includes Meriden, Southington and Wallingford.

Meriden's development as an industrial center dates from the 1850's when the Meriden and Brittania Company was formed, which eventually led to the formation of the International Silver Company in 1898. International Silver is the largest manufacturer of silverware in the world and is the major economic factor in Meriden. Altogether, Meriden has over 106 highly diversified manufacturing establishments, employing 8,830 workers on an annual payroll of nearly $63 million. Principal products include silverware,

electrical fixtures, communications equipment, machine tools, machinery and screw machine products.

Wallingford, located in the silverware manufacturing center of the U. S., is also well balanced industrially. Principal products are sterling silver, silverplate, brass goods, stationery, paper boxes, hardware, strips, stainless and specialty steels, garments, switches, electrical wire and cable, plastics and precision instruments.

Wallingford has over 76 diversified manufacturing establishments, employing 8,110 workers, with an annual payroll of nearly $56½ million. Employment has been very consistent with many special skills required.

A listing of Wallingford and Meriden manufacturing establishments broken down by size, according to number of employees, follows:

	Meriden		Wallingford	
Group	# of Employees	# of Establishments	# of Employees	# of Establishments
1-10	130	20	30	5
11-30	230	11	251	12
31-50	283	6	270	6
51-100	732	10	165	2
*101-up	6,565	11*	5,926	11*

* This group represents the principal industries in the Wallingford/Meriden Area and the company name, products manufactured and number of employees follows:

COMPANY	PRODUCTS MANUFACTURED
Aero Gasket Corporation, Meriden	Molded rubber and plastic fiberglass reinforced aircraft parts, gaskets, metal stampings, employees—250
American Cyanamid Co., Plastic & Resin Division, Wallingford	Adhesives, laminating resins and thermoplastic molding compounds, melamind amino, polyester resins and acrylic sheet, employees—896 (a 33,000 square foot, $475,000 addition to this plant completed in 1968. An extension is currently being added to their research lab and Cyanamid plans to transfer its research center from Sanford, Maine to here. In addition, they plan to modernize the existing facilities in their Wallingford plant to accommodate new production techniques.)
American Machine & Foundry Co., Cuno Division, Meriden	Industrial filters, home water filters, evaporator and distillation equipment and automotive cigarette lighters, employees—800 (this division of AMF is occupying a recently-completed 160,000 square foot plant located in the Meriden Industrial Park. A 250,000 square foot addition valued at $4.6 million is under construction).
Minden Dauch Division West Virginia Pulp and Paper Company, Meriden	Corregated shipping containers, employees—200.
INSILCO Corporation, Subsidiary International Silver Corporation, Meriden	Sterling silver, silverplate, stainless steel flatware and holloware, ecclesiastical ware and giftware. Meriden facilities of INSILCO Company include the Corporate Headquarters, Stainless Steel Center, Factory "E", Factory "H", Meriden Rolling Mill, World Tableware Corporation and One-Way Tableware Corporation, employees—2,500 (A 315,000 square foot factory, Stainless Steel Center was recently completed in the Meriden Industrial Park at a cost of $3½ million. In addition, a 40,000 square foot addition to the tableware products division valued at $400,000 is in the planning stage).

COMPANY	PRODUCTS MANUFACTURED
INSILCO Corporation, Subsidiary International Silver Corporation, Wallingford	Lipstick holders, metal specialties, industrial wire and cable, sterling silverplate. The Wallingford facilities of INSILCO Company include the Eyelet Specialty Division Factory "L", and Times Wire and Cable Company, employees—1,014, 172 and 273 respectively (International Silver recently transferred its plastic molding operations from Bridgeport to the Eyelet Specialty Division. In 1969 Factory "L" located in Wallingford, installed facilities for the production of one-way tableware. A 20,000 square foot corporate headquarters building valued at $1 million is in the planning stages).

VII

THE SUBSTANTIAL BENEFITS OF THE PROPOSED CONSOLIDATION CANNOT BE ACHIEVED EFFECTIVELY IN ANY OTHER WAY

The benefits to the Connecticut community of the proposed consolidation can be achieved only by creating a large statewide bank with substantial operations in Fairfield County and Hartford County. Because of the legal and practical limitations on branching imposed by Connecticut's "home office protection" law, neither CBT nor CN could create such a large statewide bank except through an affiliation with a large bank in the other's service area. Neither CBT nor CN is a potential competitor of the other through de novo branching.

There is no statewide commercial bank or savings institution in Connecticut nor any bank serving in any significant way more than one of the three major but separate population centers of the State - Bridgeport, New Haven and Hartford. The New Haven market area is located between the Bridgeport and Hartford areas, and to branch into each other's primary service areas a Bridgeport or Hartford bank would have to jump over the New Haven area. No commercial bank with its home office in the Hartford area has established a branch in the Bridgeport area. Likewise, no state or national bank with its home office in the Bridgeport area has established a branch in the Hartford area. The branch closest to Hartford of a bank with its home office in Fairfield County is the Wolcott branch of CN. This branch is more than thirty miles from Hartford. The branch closest to Bridgeport of a Hartford based bank is the Wallingford branch of CBT and this branch is thirty miles from Bridgeport.

New Haven, lying between Bridgeport and Hartford, is much closer to each than they are to each other. Yet, no bank with its home office in New Haven has established a branch in either Hartford County or Fairfield County.

The absence of a statewide bank can be explained in part by Connecticut's historical development, the geography of Connecticut, and the economic and political history of the State. A factor of over-riding importance, however, is the State's branch banking law.

Prior to 1814, no commercial bank in Connecticut was permitted to branch. Several banks which were organized during the period between 1814 and 1865 were given limited branching authority by charter, on the condition that they establish branches in towns which were in need of capital funds and without banks. Between 1865 and 1933 no commercial bank in Connecticut was permitted to branch. In 1933 the Connecticut Legislature adopted a limited branching law. The amendments to the original enactment have been technical and not substantive, and, as a result, the present statutory provision, Section 36-59 of the General Statutes of Connecticut, Revision of 1958, as amended, contains the same basic substantive provisions as its 1933 statutory predecessor.

Section 36-59 provides, in general, that no branch office of any state bank and trust company may be established and operated in any town in which another state bank and trust company or national bank has its main office, unless the branching bank has its main office in the same town.

Specifically, Section 36-59 provides:

(1) With the approval of the commissioner, any state bank and trust company having a combined capital and surplus of not less than one million dollars may:

(a) establish and operate one or more branches within the town in which such state bank and trust company is located;

(b) establish and operate one or more branches in any town or towns within this state in which the main office of no state bank and trust company or national banking association is located, provided the capital stock and surplus of such state bank and trust company in excess of the minimum requirement of one million dollars is not less, for each branch, than the amount which would be required to establish a state bank and trust company in the town in which the branch is to be established;

(c) continue to operate as a branch, in the same or approximately the same location, the business of any other banking institution located within this state, which business has been acquired by purchase, consolidation or merger under the provisions of the general statutes, provided the provisions of subdivision (b) of this subsection as to minimum capital and surplus shall apply unless such branch and such state bank and trust company are located within the same town.

(2) With the approval of the commissioner, any state bank and trust company having a combined capital and surplus of not less than five hundred thousand dollars may establish and operate not more than two branches within the town in which such state bank and trust company is located.

(3) With the approval of the commissioner, any state bank and trust company having a combined capital and surplus of not less than two hundred fifty thousand dollars may establish and operate not more than three limited-power branches, which branches shall be located in any town or towns in this state immediately adjoining the town in which such state bank and trust company has its main office, provided the main office of no state bank and trust company or national banking association is located in such adjoining town. Such branches shall be limited to receiving and paying out deposits, cashing checks and drafts, selling traveler's checks and foreign drafts, receiving and forwarding applications for loans and payments on loans to the main office and conducting

a safe deposit business on the premises of such branches. If, subsequent to the establishment and operation of any such limited-power branch, a state bank and trust company or a national banking association is organized in such town, such limited-power branch shall cease to operate within four years after the opening of such newly organized state bank and trust company or national banking association.

(4) No foreign banking corporation, except a national banking association having its main office in this state, shall maintain any office within the state to solicit deposits or to conduct a general banking, a savings banking or a banking and trust business.

The statute does not prohibit any financial institution other than a state bank and trust company from establishing a branch office in a town in which a commercial bank has its home office. For example, a savings bank or a finance company may establish branches in a town where the home office of a commercial bank is located. However, Federal law (12 U.S.C. 36 (c)) requires national banks to meet the same branching requirements as the state chartered banks and, as a consequence, national banks with their home offices in Connecticut are also barred from de novo branching in the towns in which a commercial bank has its home office.

While one of the original purposes of the "home office protection" statute was to offer competitive protection to existing banks, it has also had the apparent effect of encouraging the organization of nineteen new commercial banks in Connecticut since 1958. Eight of the nineteen new banks organized since 1958 have been established in towns in which there was no home office of any other bank. As a result, eight towns have been barred as sites for branches of other banks during this time.

While the "home office protection" statute has had the effect of shielding these newly established banks from competition, the statute has also had the effect of excluding from the communities served by these new banks the full range of banking services offered by the larger banks in the State.

A clear demonstration of the fact that the statute has had the effect of reducing competitive pressures within protected towns may be illustrated by the competitive changes which occurred in the town of Wallingford following CBT's acquisition through merger of The Wallingford Bank and Trust Company in 1962. Originally there had been two local banks in Wallingford. Prior to 1962, one had merged into the Union and New Haven Trust Company, leaving only The Wallingford Bank and Trust Company. Because, of course, its home office was in Wallingford, no other bank from outside, including the Union and New Haven Trust Company, could enter with added de novo branches. Following the merger of the remaining bank into CBT, competition became more intense. The town was no longer barred to de novo branching. The Union and New Haven Trust Company opened a second branch, and two other banks, one of which has its home office in Waterbury and the other with its home office in Meriden each opened branches in Wallingford, raising the number of commercial banking offices from two to five.

All of the towns in Connecticut closed to de novo branching, with their 1968 population and estimated 1975 population, are shown in Exhibit 49. In addition, Exhibit 49 shows the banking saturation of the towns not closed to de novo branching. This is obtained by dividing the 1968

population of the town by the number of commercial bank offices in the town. It should be noted that these figures reflect only the commercial banking offices now operating in each town. A bank's decision to open another office in any of these towns would have to be based on the reduced market potential per banking office which would result from the addition of such an office.

Within CN's service area there are twenty-three towns with a total population of 787,000. Five of these towns, with a total population of 381,700, or 48.5% of the total population of CN's service area, are closed to de novo branching. See Exhibit 9.

Within CBT's service area there are twenty-four towns with a total population of 803,000. Six of these towns, with a total population of 334,700, or 41.7% of the total population of the towns within CBT's service area, are closed to de novo branching. See Exhibit 8.

Thus, in summary, the "home office protection" statute makes it illegal for CBT to branch de novo in five towns having 48.5% of the population in the towns in which CN has offices, and for CN to branch de novo in six towns having 41.7% of the CBT service area population. Since these protected towns include most of the key towns in both service areas, the practical effect of the statute is to make it uneconomic for either bank to branch de novo in the other's territory to any substantial extent. In actual fact, neither Bank has ever seriously considered branching de novo in the other Bank's service area.

With both Banks, the more important "open" towns are suburban towns in metropolitan areas where the core city is protected. Thus, in CBT's service area, the two largest open towns are the Hartford suburban towns

of West Hartford and East Hartford, while in CN's area the largest open towns are the Bridgeport suburbs of Fairfield and Milford.

These suburban towns offer little opportunity for a new branch to acquire a significant volume of business accounts. Their main source of potential deposits is household checking accounts and savings accounts. These can represent profitable business, but only if acquired in large numbers. In evaluating suburban branch sites, for instance, CBT looks for a population of 10,000 - 12,000 people per commercial banking office within a few years before it will consider opening a branch within its present service area, except for defensive purposes.

But even this individual, retail banking business is more difficult to acquire for an isolated branch, which is not related to a strong, full service bank in the central city. A husband who works in Hartford or Bridgeport generally has his banking connections downtown, frequently at the institution where his business banks. It is to this urban bank that he turns for important specialized services such as trust work or an important loan. His wife, on the other hand, enjoys the convenience of the urban bank's suburban branch and frequently carries her household checking account or savings account there. Such a family would have little reason to switch their patronage to a new bank, particularly an unfamiliar one from a distant part of the State, which opened a branch in their suburban town but lacked a large complementary facility downtown with a full range of specialized commercial and trust services.

Thus, in sum, an isolated suburban branch would present special problems for a bank. The economic case is best made for a suburban branch as one of a network of suburban offices reinforcing one or more major offices in the business center of an area.

For the purpose of appraising the possibility of de novo branching by CBT in CN's service area towns, the towns should be grouped as follows:

Town	Population	% of Population	
Bridgeport *	152,300		19.3%
Bridgeport metropolitan area towns:			
Fairfield	56,700	7.2%	
Milford	49,100	6.3	
Monroe	10,300	1.3	
Shelton	23,700	3.0	
Stratford	44,800	5.7	
Trumbull	31,000	3.9	27.4
Waterbury *	108,600		13.8
Waterbury metropolitan area towns:			
Prospect	5,600	0.7	
Wolcott	12,500	1.6	2.3
Norwalk area towns:			
Norwalk *	76,200	9.7	
Westport *	30,900	3.9	13.6
Stamford area towns:			
Darien	22,300	2.9	
New Canaan	21,500	2.8	5.7
Northern Fairfield County area towns:			
Bethel	10,600	1.4	
Brookfield	8,100	1.0	
Danbury	48,200	6.1	
New Fairfield	6,200	0.8	
Newtown	13,600	1.7	
Ridgefield	16,500	2.1	
Southbury	4,800	0.6	13.7
Ansonia	19,900		2.5
Orange *	13,700		1.7
TOTALS	787,100		100.0%

* Town closed by "home office protection" statute.

Thus, of the eighteen open towns in CN's service area, six are in the Bridgeport suburban area and two are in the Waterbury suburban area. For the reasons outlined above, entry into any of these towns is not a realistic possibility for CBT so long as it is denied access to Bridgeport and Waterbury.

The Bridgeport and Waterbury areas are separate economic regions quite independent of CBT's principal Hartford service area. There is no newspaper or television or radio station which provides coverage of both CBT's and CN's service area. Hartford, Bridgeport and Waterbury each have their own newspapers and television and radio stations, and there is no significant overlap in the coverage areas. Thus, if CBT were to branch in the Bridgeport or Waterbury area it would have, in addition to the special expenses of a suburban branch, the extra expense of advertising its services in an entirely new set of media to potential customers who presently have no familiarity with CBT.

With respect to the other open towns, Darien and New Canaan, which lie between the two larger closed cities of Norwalk and Stamford, would present the same sorts of suburban area problems for CBT as the Bridgeport and Waterbury area towns because of their relation to the adjoining cities and to New York City. In addition, Darien and New Canaan are the furthest removed of the CN towns from CBT's service area. Branching in these towns would be totally unjustified economically for CBT unless it had a large-city office in one of the closed Fairfield County cities with which to couple its Darien and New Canaan branches.

The northern Fairfield County area towns around Danbury would be a problem for CBT in de novo branching because of their remoteness from CBT's service area and because the closed Waterbury area lies between them and CBT. Danbury is forty-four miles from CBT's closest office in Meriden.

Most banks have found it uneconomic to branch in towns beyond their natural service area. A branch beyond a bank's natural service area is normally able to provide limited services only. The further the branch from the home office, the more difficult it becomes to provide those services which are usually centralized in a large bank's home office or regional office, e.g., trust services, computer services applications, international department. In addition, the services offered by branches beyond the natural service area of the home office bank are to some extent limited by the scope of the branch manager's staff. This is not ordinarily the case where a branch within the natural service area of the bank has available to it almost immediately the full staff and services of the home or regional office.

Further, the northern Fairfield County towns are presently heavily banked. They have an average of one commercial bank office for every 4,154 people, and if savings institution offices are taken into account, the average is one office for every 3,176 people. See Exhibit 49. Thus, at least for the foreseeable future, it is unlikely that CBT could provide viable competition in the northern Fairfield County area through de novo branching.

The remaining open town in the area served by CN is Ansonia, which is 20 miles from CBT's closest branch office in Wallingford, and, of all the towns served by CN, Ansonia is presumably the only one which might reasonably be expected to be considered by CBT for a de novo branch in the foreseeable future. However, the New Haven area towns lie in the way of any move by CBT into Ansonia, and Ansonia is presently heavily banked with only modest growth prospects. It presently has 6,617 people per commercial bank office, and the number is estimated to increase only to 7,038 people for each of the existing offices by 1975. See Exhibit 49.

Thus, de novo branching by CBT in CN territory is not a practical possibility in the foreseeable future.

CN would face similar problems in any attempt at de novo branching in CBT territory. The CBT area towns should be grouped as follows in assessing their availability for new CN branch locations:

Town	Population	% of Population	
Hartford *	162,800		20.3%
Hartford metropolitan area towns:			
Bloomfield	18,200	2.3%	
East Hartford	53,000	6.6	
Manchester	46,800	5.8	
Newington	22,400	2.8	
West Hartford	74,900	9.3	
Wethersfield	25,900	3.2	30.0
Vernon *	22,200		2.8
Enfield area towns:			
Enfield *	42,100	5.2	
Somers	5,300	0.7	5.9
Stafford Springs	8,000		1.0

Town	Population	% of Population	
Middletown area towns:			
Middletown	31,900	4.0%	
Cromwell	7,500	0.9	
East Hampton	7,100	0.9	5.8%
New London area towns:			
New London *	32,000	4.0	
Groton	35,500	4.4	8.4
Norwich	42,000		5.2
Danielson area towns:			
Killingly	13,600	1.7	
Plainfield	10,800	1.3	3.0
Meriden *	57,200		7.1
Wallingford	34,200		4.3
Winsted	11,000		1.4
Willimantic area towns:			
Willimantic *	18,400	2.3	
Mansfield	20,400	2.5	4.8
TOTALS	803,200		100.0%

* Town closed by "home office protection" statute.

Of the nineteen open towns in the area served by CBT, six are in the Hartford suburban area. For the reasons discussed above, CN, with its more limited assets, would doubtless have at least as much difficulty in branching de novo in the Hartford suburbs, without a Hartford base, as CBT would have in the Bridgeport and Waterbury areas.

Generally, similar problems would arise with the open towns of Somers, Groton and Mansfield, which are, moreover, located 50, 56 and 54 miles, respectively, from CN's nearest offices.

With the remaining open towns, with the possible exceptions of Wallingford, Middletown and Cromwell, the problems of remoteness from CN's service area would be almost insurmountable for the foreseeable future. The following Table shows the distance to each of these remaining offices from CN's closest office and the 1968 and estimated 1975 populations of these towns for each existing commercial bank office

	Nearest CN Office	Miles to Nearest CN Office	Population per Existing Commercial Banking Office 7/1/68	1975**
Cromwell	Wolcott	23	7,500	15,640
East Hampton	Wolcott	30	7,100	8,050
Killingly	Prospect	64	6,800	7,873
Middletown *	Prospect	19	7,975	11,815
Norwich	Prospect	52	8,400	9,378
Plainfield	Prospect	61	3,600	3,715
Stafford	Wolcott	52	8,000	9,320
Wallingford	Prospect	12	6,840	7,683
Winsted *	Waterbury	28	11,000	13,245

* Since July 1, 1968, the population per commercial bank office in Middletown has been reduced by the opening of a new CBT office. Another commercial bank has applied for permission to open a further office in the town. Hartford National Bank and Trust Company has applied to open a new branch in Winsted.

** Source of estimate: Connecticut Interregional Planning Program.

A move by CN into Wallingford, or Middletown and Cromwell, or any of the more remote CBT towns, would take CN substantially out of its regional service area. There has been no significant outward expansion of CN's service area in recent years, and it would be entirely inconsistent with the regional development of CN, or Connecticut banking in general, for such an expansion to occur in the foreseeable future through de novo branching. At the present time the only commercial banks with Fairfield County offices are banks which have their main offices in the County. This is also true in Hartford County.

All but nine of CN's forty-one offices are located within twenty-five miles of its main office in Bridgeport. Seventeen of these branches are within five miles of the main office.

CBT's recent growth has also been substantially confined to its existing service area. Approximately two-thirds of CBT's forty-five branches are within a twenty mile radius of Hartford. Seventeen of CBT's branch offices are within five miles of Hartford, as shown by the following Table:

Miles to CBT Branch from Hartford	Number	Cumulative
5 miles or less	17	
5 to 10 miles	6	23
10 to 20 miles	7	30
20 to 30 miles	5	35
30 to 40 miles	5	40
40 to 50 miles	5	45

Of the sixteen new branch offices established by CBT during the period between Jan. 1, 1958 and July 1, 1968, ten have been within four miles of CBT's home office in Hartford. Of the remaining six branch offices, four were opened in towns in which CBT had another branch office at the time. Only two branches were opened in towns more than four miles distant from Hartford in which CBT had not previously had a branch. These were CBT's Cromwell branch, which is in a town adjoining Middletown in which CBT had previously had a branch, and CBT's Mansfield branch, which is also in a town adjoining one already served by CBT. See Exhibit 50.

Over the longer period starting in the 1930's in which CBT's present branch system has been created, all of the significant outward extensions of its service area have been achieved through acquisitions and not through de novo branching. This pattern of outward expansion through acquisitions, which has been followed by other Connecticut banks, has been mandated by the "home office protection" statute.

CBT and CN have each established de novo branches to meet the convenience and needs of bank users in their own service areas. There is no reasonable expectation that this trend will change. Rather the facts clearly establish that both Banks can expand effectively by de novo branching only within their present service areas and not beyond, and that there is no significant possibility that de novo branching could result in a material amount of competition between CBT and CN in the foreseeable future, or that de novo branching would provide a means of achieving for the Connecticut community the benefits of the proposed consolidation.

GX-126

Connecticut Headquartered Commercial Bank Deposits, 1959-1971, with Projection to 1982 (Showing Growth of Two Large Hartford Banks and of Next Six Large Banks)

Year-End	Total Commercial Bank Deposits	Total Deposits, Two Hartford Banks	Total Deposits, Next Six Banks (a)	Total Deposits, Next Six Banks (b)
1959	$ 2,344.8	$ 807.6	$ 840.1	$ 911.3
1964	3,178.7	1,118.9	1,162.7	1,272.3
1966	3,707.5	1,304.5	1,338.9	1,469.8
1968	4,819.3	1,822.9	1,679.1	1,836.1
1970	5,470.1	2,077.1	1,961.7	2,132.1
1971	5,666.1	2,183.4	2,149.3	2,333.4
1972	$6,528.9	$2,487.5	$2,350.4	$2,536.4
1974	$7,737.7	$2,979.0	$2,785.6	$2,977.7
1976	$9,101.3	$3,567.7	$3,276.5	$3,495.8
1980	$12,262.2	$4,966.2	$4,414.4	$4,712.3
1982	$14,312.3	$5,939.6	$5,152.4	$5,481.6

The growth rates used are those which were the average growth rates for the period 1959 to 1970.

(a) Extends the 1970 bank structure with account of neither City Trust-Waterbury National merger nor proposed First New Haven-Connecticut National merger.

(b) Takes account of the City Trust-Waterbury National merger (1971) and the proposed First New Haven-Connecticut National merger (as of 1972). In effect, this column takes account of next seven banks, but does not take account of proposed divestiture.

Source: Polks March 60, 65, 67, 69, 71
Individual Bank Statements Before 1960

1985

GX-127

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF CONNECTICUT

UNITED STATES OF AMERICA, Plaintiff,	)	
v.	)	Civil Action No. 14583
THE CONNECTICUT NATIONAL BANK and THE FIRST NEW HAVEN NATIONAL BANK, Defendants,	)	
and	)	
WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, Intervenor.	)	

INTERVENOR'S ANSWERS TO
PLAINTIFF'S INTERROGATORIES
SET NO. 2

Interrogatory 1

For each request by a Connecticut bank since January 1, 1966, for permission to make aggregate investments in land and buildings in excess of 100 per cent of capital stock, state:

A. Name of applicant and date of application;

B. Amount and purposes of investment;

C. Whether application was approved or denied;

D. Description of all standards or guidelines applied by Intervenor.

Answer to Interrogatory 1 (A), (B), (C) & (D).

The data which forms the answer to this question is listed on the following three pages:

RETURN TO ADMINISTRATIVE SECTION
ROOM 3305 ANNEX COPY

Name of applicant	Date of application	Amount and purposes of investment	Whether application was approved or denied	Description of standards or guidelines applied by intervenor
State National Bank Bridgeport, Conn.	7-16-71	$9,000,000 to establish new branches at Ansonia, Fox Hill, Trumbull, Park Towers and Wallingford.	Approved 7-20-71	All approvals state: "It should be understood that the Directors must determine upon their own responsibility the soundness of the investment and that it is suitable and necessary for the bank's accommodation of its business. It is also understood that all fixed assets on the bank's books will be depreciated in accordance with generally accepted accounting procedures." The only established standard is that described in the Intervenor's Interpretive Rulings Paragraph 7.3100(e) which states that the Comptroller or his designee will ordinarily approve an investment in fixed assets aggregating in amount up to 50 percent of Capital Stock, surplus, and undivided profits where a reasonable need for such investment can be shown. Otherwise, each application is approved or denied depending on the individual merits of the application.
do	8-21-70	$8,000,000; cost of Naugatuck, Ansonia, Shelton, Mill Plain, and Fox Hill branches; additions to Greenwich Executive Office general additions and improvements.	" 8-31-70	
do	3-20-69	$7,100,000; cost of construction and/or improvements to the New Milford, State Street, Brookfield, Stamford Executive, Danbury, Watertown, Naugatuck, and Ansonia branches.	" 3-25-69	
do	4-4-67	$6,600,000; to carry additional cost of the Old Greenwich, Mason St., Hawthorn St., and Stamford Executive branches.	" 4-10-67	
do	8-15-66	$6,100,000; costs in establishing and/or renovating Atlantic Street, Byram, Mason Street, and New Canaan branches.	" 8-19-66	
Connecticut N/B Bridgeport, Conn.	10-29-71	$9,000,000; anticipated costs to remodel and new construction to supplement existing facilities to alleviate overcrowded and substandard working conditions.	" 11-15-71	

Name of applicant	Date of application	Amount and purposes of investment	Whether application was approved or denied	Description of all standards or guidelines applied by intervenor
The Clinton N/B Clinton, Conn.	5-14-71	$390,000; to remodel Head Office.	Approved 5-18-71	
Deep River N/B Deep River, Conn.	4-16-70	$315,000; cost of drive-in facility and new parking area.	" 4-21-70	
do	10-22-69	$310,000; same as above.	" 10-24-69	
do	2-18-69	$270,000; same as above	" 2-20-69	
Hartford N/B & Trust Co., Hartford, Conn.	4-16-71	$32,368,000; cost of operation center.	" 4-30-71	
do	12-18-68	$29,900,000; same as above	" 12-31-68	
do	7-28-67	$24,509,000; construction of new Head Office.	" 8-3-67	
Home N/B & Trust Co. Meriden, Conn.	6-23-71	$1,700,000; cost of new Head Office.	" 7-2-71	
do	9-10-69	$1,243,760; acquire and improve site for uptown branch.	" 10-21-69	
First New Haven N/B New Haven, Conn.	2-23-71	$6,000,000; cost of relocating Allington branch; cost of opening Edgewood and Post Center branch; cost of improvements at Milford, Branford, and Wallingford branches.	" 3-14-71	
Lincol N/B Stamford, Conn.	11-10-66	$310,000; renovation of Head Office and construction of Springvale branch.	" 11-14-66	

1987

Name of applicant	Date of application	Amount and purposes of investment	Whether application was approved or denied	Description of all standards or guidelines applied by intervenor
First N/B of Suffield Suffield, Conn.	5-22-68	$173,226; additional cost of new building.	Approved 5-27-68	
do	4-4-67	$150,000; cost of new building.	" 4-5-67	
Vernon National Bank Vernon, Conn.	6-14-71	$311,000; cost of Route 83 branch.	" 6-18-71	
do	10-9-70	$272,000; same as above.	" 10-14-70	
Waterbury N/B Waterbury, Conn.	5-27-70	$1,610,000; to remodel Head Office and cost of establishing Lakewood and Wolcott branches.	" 6-9-70	
Fairfield County N/B Norwalk, Conn.	11-18-71	$250,000; to expend and renovate Head Office.	" 11-30-71	

Interrogatory 3

For each application received by Intervenor since January 1, 1966, for (A) permission to open a de novo branch, or (B) a new bank charter, which Intervenor disapproved, state:

(1) The name of the applying or proposed bank, the date of the application, the proposed location of the branch or new bank and the date of disapproval.

(2) The reasons for disapproval.

(3) The manner in which each such application was processed, including the names of those who conducted investigations or made recommendations regarding the application.

Answer to Interrogatory 3(A)(B)1-2

(A) Disapproved De Novo Branch Applications Since January 1, 1966

Applying Bank	Application Date	Location of Branch	Date Denied	Persons Investigating And/Or Recommending
The Connecticut NB	6/30/66	Prospect (New Haven County)	10/10/66	F. G. Lafaver; R. J. Peterman; T. M. Breziński; S. I. Greenbaum; R. J. Blanchard
The Hamden NB Hamden, Conn.	5/12/66	West Haven (Thomas St. between Grove and Campbell)	8/24/66	F. G. Lafaver; R. J. Peterman; P. E. Lackland; T. M. Breziński
The Connecticut NB Bridgeport, Conn.	4/26/67	West Haven (221 Bull Hill Lane)	6/20/67	R. J. Peterman) L. W. Veronneau; T. M. Breziński; R. Kanczaryk; R. J. Blanchard; J. T. Watson
The Waterbury NB Waterbury, Conn.	2/16/67	Middlebury (New Haven County)	5/3/67	F. G. Lafaver; R. J. Peterman; T. M. Breziński; S. I. Greenbaum; R. J. Blanchard; T. G. DeShazo
Hartford NB and Trust Co. Hartford, Conn.	4/1/68	Madison (New Haven County)	8/16/68	L. W. Veronneau; R. J. Peterman; D. G. Gliesen; R. J. Blanchard; T. G. DeShazo

Name of Applying Bank	Application Date	Location of Branch	Date Denied	Persons Investigati And/Or Recommendin
The North Haven NB North Haven, Conn.	4/26/68	East Haven (New Haven County)	7/16/68	L. W. Veronneau; E. J. Peterman; B. G. Glisson; R. J. Blanchard; J. T. Watson
Lincoln NB	8/19/68	Stamford (Summer Street)	1/28/69	E. J. Peterman; J. T. Watson; R. J. Blanchard; T. M. Breziński; L. W. Verranean
Lincoln NB Stamford, Conn.	8/19/68	Stamford (Newfield Avenue) (Fairfield County)	1/28/69	E. J. Peterman; L. W. Veronneau; T. M. Breziński; R. J. Blanchard; J. T. Watson

(B) Disapproved New National Bank Charters Since January 1, 1966

Proposed New Bank	Application Date	Proposed Location	Date Denied	Persons Investigatin And/Or Recommending
Shoreline NB	3/1/66	West Haven, Conn. (New Haven County)	7/18/66	T. G. DeShazo; E. Hanczaryk; T. M. Breziński; E. J. Peterman; L. W. Veronneau
Security NB	3/10/66	Windsor Locks, Connecticut (Hartford County)	8/19/66	T. G. DeShazo; L. W. Veronneau; E. J. Peterman; P. M. Horvitz; T. M. Breziński
Farmington Valley NB	4/1/67	Simsbury, Conn. (Hartford, County)	9/6/67	A. C. Ortoleva; E. J. Peterman; T. G. DeShazo; T. M. Breziński; W. P. Smith
Nutmeg NB	8/31/70	East Hartford, Connecticut (Hartford County)	5/17/71	T. G. DeShazo; L. W. Veronneau; J. Donovon; T. M. Breziński; W. P. Smith

Answer to Interrogatory 3(A):

The machinery for investigation of an application to establish a branch of a National Bank is set in motion upon the receipt of the

of its receipt. We believe that such a schedule is not only the businesslike manner in which the affairs of this Office should be conducted but also prevents the premature filing of applications with a purpose of pre-empting a given location for use sometime in the future. Regional Administrators have the authority to extend this 30 day period only upon receipt of a written explanation which fully justifies an extension of time. In order to forestall the pre-empting of locations, this Office grants branch approvals with an expiration date of twelve months. Requests for extensions of time must be submitted in writing directly to the office of the appropriate Regional Administrator no later than 60 days prior to the original expiration date. Such requests for extension must be supported by evidence of tangible progress toward establishment of the branch.

Upon receipt ofthe application in acceptable form and notification by the applicant bank within 30 days that they have compiled the necessary data, each Regional Administrator is under standing instructions to order an immediate on-the-spot investigation by an experienced, commissioned examiner to ascertain the merit or lack of merit in each proposal.

In conducting the investigation the examiner utilizes personal interviews and random sampling of the opinion of business and professional men and the public in general along with other techniques to test the data submitted by the applicant bank. Existing banks and branches which would be competitive with the proposed branch are given an opportunity to present their views in person and/or in writing if

application in duplicate by the appropriate Regional Administrator. The application must be accompanied by a resolution of the Board of Directors, a current statement of condition of the bank and a copy of the pertinent State statutes authorizing the establishment of any State bank branch in the applied-for location. If there is doubt about the adequacy or construction of State statutes relating to branches for state banks, a copy of opinion of counsel for the bank supported by court decisions, an opinion of the Attorney General, or other authority upon which counsel relies, accompanies the application. Final determination, of course, is the responsibility of the Comptroller of the Currency.

The application form is available upon request from each Regional Administrator or our Washington Office. Two exhibits are included with each blank application form to indicate the scope of the investigation to be made and the information which should be available for the investigating examiner's use. A sample map is also forwarded with the application blanks. The most casual glance at this summary of information will indicate the thoroughgoing nature of the screening process.

The heading of the summary of information indicates that this data must be available within 30 days of the receipt of an application in good form. If this is not complied with, the application is considered abandoned. This is in keeping with our policy of reaching a decision on every application to establish a branch within 60 days

they so desire. In addition to this opportunity for personal contact, the examiner is able to make on-the-scene inspection of the trade area and its economic background, proposed location of the branch, business activity, traffic flow and location of competitor bank and non-bank financial institutions. We believe this opportunity for first-hand observation permits the examiner to make a much more accurate analysis of the many factors to be considered in weighing each proposal for a new branch.

At the conclusion of the investigation the examiner must complete his report. The examiner's report consisting of several pages is administrative in nature, part of which is prepared in Washington. It provides for summarization of the legal aspects, protests of the application, conflicting proposals, the recommendation of the State Banking Department if one was received and the comments of various members of the Comptroller's staff.

Page one, appropriately, sketches in the broad outline of the applicant bank and the trade area it proposes to serve. Using the last examination report as a source, figures are furnished to show the capital structure and reserves, deposit and loan volume and the aggregate amount of assets subject to adverse comment. Past and estimated present census figures are provided for the head office city, the community in which the branch would be located and the service area of the proposed branch. Geographical boundaries of the proposed service area are indicated.

In addition to the legality of the proposal, the report deals with the over-all capacity of the applicant bank to accommodate branch

expansion. Specifically, this involves:

1. Asset condition
2. General character and depth of management
3. Availability of adequately trained personnel to staff the branch
4. Capital support, and
5. Where appropriate, policies and success of existing branches of applicant bank.

Examiners also must determine whether the bank's capital structure is adequate in relation to the volume and character of its operations and the requirements of the enlarged asset and deposit structure which the new branch will create. Currently our minimum capital requirements for establishment of out-of-town branches by National Banks is placed on a parity with State chartered banks. Generally, however, this requirement is usually greater.

Other portions of the investigation report relate directly to the public interest as expressed in terms of the intervoven elements of service and competition. Here the examiner must pinpoint the relative location of applicant bank's branches and competing banks and branches with respect to the proposed branch. The statistical data supplied on these pages is helpful in judging the degree of actual competition which exists. For example:

1. Deposit totals when correlated and compared with the age of the branch or bank are indicative of the competitive thrust of management, particularly when compared with facilities in the same trade area.

2. Loan volume, when related to deposit totals, is a checkpoint on each bank or branch's willingness to meet legitimate credit

demand and support local economic growth.

3. These same comparisons are provided for non-bank financial institutions to complete the competitive picture of the trade area.

The examiner's attention is also directed to the question of banking service available. He should ascertain, (a) whether the proposed branch will offer a full range of financial services and in particular if it will provide service or services not now available in the trade area, (b) whether the public is subjected to non-par banking, and (c) what other factors have contributed to the disproportionate growth of non-bank competition if this condition exists in the trade area of the proposed branch.

Another portion of the report requires the examiner to provide information describing the economic character of the trade area to be served. As a group of facts, the required information is intended to shed light on the economic growth potential of the trade area and to provide a background for measuring the estimated loan, deposit and earning possibilities of the branch for its first three years of existence.

Of great importance in the investigation report are the factors of public need and profitability. Banks often desire to establish a branch, not primarily for expansion and growth, but to protect present business which might be lost to a more convenient facility, or to permit them to compete more advantageously. Parking problems have become an important factor. In a small bankless community where the nearest banking facility is some miles away, the factor of public need is not open to question except insofar as it is necessary to determine

whether the community can generate sufficient business to warrant the establishment of a branch.

In a community where banking facilities exist, the question to be decided is whether the proposed branch is reasonably justified to better serve the present and estimated future banking needs of the area. It is necessary to estimate the amount of banking business available as measured by the population, its employment, wealth characteristics, industrial and commercial establishments, prospective population and business growth, the nature of the banking services presently available, and to weigh the results of the estimate against the number and location of existing banks or branches. If the determination is made that the branch is reasonably justified, it follows that the public need is sufficient and it is assured of profitable operations.

The report also requires that the proposed investment in fixed assets be fully considered. Weight given this factor depends largely on the resulting investment in fixed assets in relation to capital funds and estimated volume of business to be handled by the branch. However, as in the case of a main office, the establishment of a branch should never call for an excessive investment in fixed assets or a long term lease at a large rental. Such a condition presents heavy arguments against abandoning a branch that proves to be unprofitable. In property transactions due consideration is given to potential conflicting interest involving shareholders, directors, officers and employees.

The examiner or Regional Administrator comments upon the merits of any known opposition to the proposal. These protests, if in

writing, are submitted in full with the report. Finally, the examiner is required to recapitulate the favorable and unfavorable factors surrounding the application and to make an independent recommendation for approval or disapproval.

The Regional Administrator presents his views and summarizes the views of the State Superintendent of Banking if they have been made available to him. The report is then forwarded to the Office of the Comptroller of the Currency and is accompanied by appropriate maps, aerial photographs, and economic and market surveys. Upon receipt in this Office, it is analyzed by the staff who comment thereon and transmit it to the Comptroller.

Before a final decision is issued, all views in opposition are carefully weighed and if the opponents desire to present their case in person, arrangements are made for such a meeting. In cases where formal hearings are held the transcript of such hearing, together with exhibits are considered. Consideration is also given to other relevant information which may come directly to the Comptroller of the Currency. The final decision takes into account all the foregoing, together with the knowledge possessed by the Comptroller of the Currency and his staff members of the area involved and conditions of the banks and other financial institutions located therein.

The investigation and screening process outlined above is comprehensive and reliable and permits the Comptroller to render decisions on branch applications based upon a thorough knowledge of all the factors involved.

Answer To Interrogatory 3(B)3

The applicants for a new bank charter are reminded at an early stage that the statutory minimum invested capital requirements for organization of a National Bank vary according to the population of the city, town, village or other place in which the bank is to be located. In general, in a place having a population of not more than 6,000, capital of not less than $50,000 is required. In a place having a population in excess of 6,000 but less than 50,000, capital of not less than $100,000 is required. In a city the population of which is in excess of 50,000 a minimum capital of $200,000 is required. The Comptroller of the Currency, however, ordinarily requires a substantially larger amount of initial capital, depending upon the facts developed in an investigation.

The applicants are also informed that in addition to paid-in capital, a National Bank is required to have an amount of paid-in surplus equal to not less than twenty percent of its capital. Moreover, the Comptroller of the Currency always requires an amount of paid-in undivided profits, over and above capital and paid-in surplus, adequate to meet organizational and other expenses and still provide a margin of safety until the operations of a new bank become profitable.

The following documents are then to be executed and submitted to the Regional Administrator by the organizers in accordance with the instructions hereinafter set forth:

Application to Organize a National Bank and Representations of Applicants (Three Copies)

Appointment of Agent (Three Copies)

Financial Report (Three Copies)

Biographical Report (Three Copies)

The Application To Organize a National Bank and Representations of Applicants must be completed and signed, in duplicate, by at least five adult natural persons and the Appointment of Agent must be completed and signed, in duplicate, by the same persons who signed the application to organize. The latter document should also be signed, in duplicate, at the appropriate place by the person designated as agent for those signing the application to organize, whether or not the person designated as agent is one of those signing the application to organize. In addition, a detailed Financial Report and a separate and detailed Biographical Report must be completed and signed, in duplicate, by each person who signed the application to organize. These are then forwarded to the Regional Administrator together with a filing fee of $2500.

Within 30 days after the filing of the charter application the applicants must file with the Regional Administrator extensive information concerning the population and economy of the proposed charter site, the location and sizes of competing commercial banks, savings and loan associations, savings banks, credit unions, insurance companies and an estimate of the intensity of this competition. Projections of major loan demands are included in the information to be submitted as well as estimates of total deposits including public funds. Projections of earnings and expenses are to be detailed, the proposed ownership of stock is to be submitted as well as information regarding fidelity insurance plans for employees of the proposed bank.

After the application and forms have been completed and submitted and accepted for filing, an on-the-spot investigation is then conducted by an experienced National Bank Examiner who forwards his recommendations to the Regional Administrator who in turn submits the file to the Washington office. A decision is ultimately made by the Comptroller which takes into account all of the foregoing together with the knowledge possessed by the Comptroller of the Currency and his staff members of the area involved, the conditions prevailing therein and the character of the proposed management.

1952

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Means of Entry by Hartford National Bank & Trust Co. and Connecticut Bank & Trust Co. into Bridgeport, New Haven and Stamford Metropolitan Areas

Hartford National Bank & Trust Co.

Bridgeport Metropolitan Area (SMSA)

De novo office in Fairfield, opened 12-8-71.

New Haven Metropolitan Area (SMSA)

Acquired General Bank & Trust Co., New Haven, 10-30-70, total deposits $6.6 million, 3 offices.

Stamford (SMSA)

Acquired Lincoln Bank & Trust Co., Stamford, 12-12-69, total deposits $27.2 million, 5 offices.

Connecticut Bank & Trust Co.

Bridgeport Metropolitan Area (SMSA)

Acquired Columbus Industrial Bank, Bridgeport, 11-15-71, total deposits $0, 1 office.

De novo office in Fairfield, opened 5-27-71.

De novo office in Milford, opened 12-20-71.

New Haven Metropolitan Area (SMSA)

Acquired Tradesmens National Bank of New Haven, 12-29-69, total deposits $26.5 million, 4 offices.

De novo office in New Haven, opened 5-4-70.

De novo office in Branford, opened 3-13-72.

Stamford (SMSA)

De novo office in Darien, opened 7-19-71.

Source: Exhibits, P-72, P-73 and P-74.

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AVERAGE SIZE OF DEPOSIT ACCOUNT
CONNECTICUT COMMERCIAL BANKS AND
CONNECTICUT ACCOUNTS IN NEW YORK
COMMERCIAL BANKS

	Total Dollar Amount	Total No. of Accounts	Average Size
All Connecticut Commercial Banks 1/	$4,763,935,000	2,753,303	$1,730
Connecticut Accounts in New York Banks 2/	483,901,650	23,070	20,975

1953

1/ As of June 30, 1970.

2/ As of August, 1972.

Source: FDIC, Summary of Accounts, Boston Region, pp. 6-7; D-60.

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Actions By Regulatory Agencies On Connecticut Commercial Bank De Novo Applications 1966-1971

	Applications 1/	Approved	Denied	Approval Rate
Comptroller of the Currency	86	78	8	90.7%
Connecticut Banking Commission	81	79	2	97.5

1/ Not including applications withdrawn by applicant before decision by regulatory agency.

Source: Intervenor's Response to Plaintiff's Rule 34 Request; Annual Reports of the Connecticut Bank Commissioner, 1966-71.

De Novo Entries Into Connecticut Towns
Population Per Bank and Per Office Ratios
1969-71

Town	Population (1970)	Entering Bank	Date	No. of Banks 1/	No. of Offices 1/	Pop. Per Bank 1/	Pop. Per Office 1/
Avon	8,352	Conn. Bank & Trust Co.	5/24/71	2	2	4,176	4,176*
Branford	20,444	Second Nat'l Bank of New Haven	7/26/71	3	4	6,815	5,089*
Brookfield	9,688	Colonial Bank & Trust Co.	7/1/71	3	3	3,229	3,229*
Brooklyn	4,965	Conn. Bank & Trust Co.	3/9/70	1	1	4,965	4,965*
Danbury	50,781	Hartford Nat'l Bank & Trust Co.	11/23/70	4	12	12,695	4,232*
Darien	20,411	Conn. Bank & Trust Co.	7/19/71	5	7	4,082	2,916*
Derby	12,599	Orange Nat'l Bank	10/15/69	3	3	4,150	4,150*
East Hartford	57,583	Glastonbury Bank & Trust Co.	4/18/70	4	7	14,346	8,226
East Haven	25,120	Community Banking Co. of N. Branford	2/16/70	3	3	8,373	8,373
Fairfield	56,487	Lafayette Bank & Trust Co.	1/30/71	4	11	14,122	5,135*
Fairfield	55,484	Conn. Bank & Trust Co.	5/27/71	5	12	11,097	4,624*
Fairfield	55,484	Hartford Nat'l Bank & Trust Co.	12/8/71	6	13	9,247	4,268*
Madison	9,768	Clinton Nat'l Bank	6/29/70	2	2	4,884	4,884*
Marlborough	2,907	Citizens Bank & Trust Co., Glastonbury	2/8/71	1	1	2,907	2,907*
Middlefield	4,132	Laurel Bank & Trust Co., Meriden	6/1/71	1	1	4,132	4,132*
Middletown	36,658	United Bank & Trust Co.	10/18/69	4	7	9,165	5,237*
Milford	50,858	Conn. Bank & Trust Co.	12/20/71	6	7	8,476	7,265
Naugatuck	23,034	State Nat'l Bank of Conn.	11/21/70	3	3	7,678	7,678

1955

Town	Population (1970)	Entering Bank	Date	No. of Banks 1/	No. of Offices 1/	Pop. Per Bank 1/	Pop. Per Office 1/
Newington	25,822	Hartford Nat'l Bank & Trust Co.	1/8/69	3	3	8,607	8,607
Newington	25,822	Constitution Nat'l Bank	5/22/71	4	4	6,456	6,456
New Milford	14,601	Conn. Nat'l Bank	1/24/69	2	4	7,300	3,650*
New Milford	14,601	State Nat'l Bank of Conn.	2/1/69	3	5	4,867	2,920*
New Milford	14,601	Fairfield County Trust Co.	8/11/69	4	6	3,650	2,434*
Oxford	4,480	Seymour Trust Co.	10/2/70	1	1	4,480	4,480*
Torrington	31,952	Conn. Bank & Trust Co.	6/15/70	3	7	10,651	4,565*
Wallingford	35,801	State Nat'l Bank of Conn.	8/15/70	6	7	5,967	5,114*
Waterford	17,227	Conn. Bank & Trust Co.	3/31/69	2	2	8,614	8,614
Watertown	18,610	State Nat'l Bank of Conn.	4/18/70	3	4	6,203	4,653*
West Haven	52,851	Union Trust Co.	10/26/71	4	6	13,213	8,808
Wethersfield	26,662	Constitution Nat'l Bank	1/4/69	3	3	8,887	8,887
Wilton	13,572	City Trust Co.	9/27/69	3	3	4,524	4,524*
Winchester	11,106	Hartford Nat'l Bank & Trust Co.	12/10/69	2	2	5,551	5,551*
Woodbury	5,869	Waterbury Nat'l Bank	5/3/69	2	2	2,935	2,935*
Average population per commercial banking office, 86 open towns with one or more banking offices			9/30/71	5,633			

1956

1/ After entry.
* Below statewide average for open towns with one or more banking offices.

Sources: FDIC, Changes Among Operating Banks and Branches, 1969-71; 1970 Census of Population; Annual Report, Connecticut Banking Commissioner, 1968-71; Connecticut National Bank document, "Population Per Commercial Bank Office."

1957

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TABLE V. POPULATION PER COMMERCIAL BANK AND PER OFFICE, BY STATES, DECEMBER 31, 1955-JUNE 30, 1970

STATES[a]	POPULATION PER BANK			POPULATION PER OFFICE		
	DEC. 31, 1955	JUNE 30, 1970	NET CHANGE 1955-1970	DEC. 31, 1955	JUNE 30, 1970	NET CHANGE 1955-1970
UNITED STATES (50 STATES AND D.C.)	12,004	34,464	+ 2,060	7,456	8,884	+ 2,072
WITH STATEWIDE BRANCHING PREVALENT						
ALASKA	9,330	20,227	+ 10,896	5,290	6,370	+ 871
ARIZONA	21,243	217,706	+ 56,263	9,888	6,428	+ 4,038
CALIFORNIA	86,467	129,543	+ 42,576	9,823	6,483	+ 3,120
CONNECTICUT	22,449	33,289	+ 10,839	8,791	6,121	+ 3,330
DELAWARE	17,000	34,000	+ 17,000	6,778	6,472	+ 294
DISTRICT OF COLUMBIA	30,412	34,336	+ 3,924	12,670	6,411	+ 6,259
FLORIDA	20,380	49,992	+ 29,612	7,736	6,346	+ 1,390
GEORGIA	17,000	29,520	+ 12,520	6,842	6,826	+ 1,916
HAWAII	25,356	32,683	+ 7,327	5,893	6,866	+ 2,017
IDAHO	10,883	32,961	+ 21,978	6,373	6,389	+ 2,268
MARYLAND	20,883	32,961	+ 12,078	6,373	6,389	+ 2,268
NEVADA	20,363	41,092	+ 21,029	6,716	6,384	+ 2,023
NORTH CAROLINA	20,763	46,863	+ 26,100	7,986	6,236	+ 1,620
OREGON	20,388	43,987	+ 23,599	6,840	6,513	+ 2,326
RHODE ISLAND	20,398	30,178	+ 9,780	10,197	6,862	+ 3,677
SOUTH DAKOTA	13,498	24,988	+ 9,490	9,821	6,350	+ 4,471
UTAH	9,991	9,133	+ 858	5,896	6,552	+ 656
VERMONT	9,968	20,207	+ 6,239	6,088	6,857	+ 1,769
VIRGINIA	21,396	28,836	+ 8,730	7,276	6,539	+ 2,738
WASHINGTON	25,151	36,369	+ 12,994	8,363	6,428	+ 2,065
WITH LIMITED-AREA BRANCHING PREVALENT						
ALABAMA	13,332	12,883	+ 329	10,951	6,588	+ 4,468
ARKANSAS	8,998	10,494	+ 1,496	7,922	6,868	+ 1,648
INDIANA	9,750	13,127	+ 3,377	6,776	6,886	+ 1,890
KENTUCKY	8,206	9,615	+ 1,409	6,636	6,887	+ 1,749
LOUISIANA	16,766	18,772	+ 998	10,058	6,972	+ 4,086
MASSACHUSETTS	24,964	34,962	+ 7,996	10,972	6,113	+ 4,859
MICHIGAN	17,443	26,832	+ 9,389	9,086	6,986	+ 2,100
MISSISSIPPI	10,827	12,180	+ 1,353	7,282	6,843	+ 2,960
NEW HAMPSHIRE	7,276	9,756	+ 2,480	6,776	6,844	+ 1,968
NEW JERSEY	17,926	33,185	+ 15,259	9,264	6,332	+ 2,389
NEW MEXICO	15,969	15,993	+ 24	8,780	6,844	+ 1,936
NEW YORK	31,434	53,894	+ 22,432	10,249	6,788	+ 3,461
OHIO	14,988	20,963	+ 6,988	9,017	6,821	+ 2,996
PENNSYLVANIA	13,923	24,439	+ 11,176	8,686	6,318	+ 2,937
TENNESSEE	11,418	12,782	+ 1,364	7,812	6,830	+ 2,782
WISCONSIN	6,694	7,326	+ 632	6,266	6,883	+ 183
WITH UNIT BANKING PREVALENT						
ARKANSAS	7,736	7,726	+ 10	6,986	6,668	+ 2,336
COLORADO	9,376	8,205	+ 1,171	9,186	7,827	+ 1,273
FLORIDA	15,062	13,912	+ 1,150	14,220	13,257	+ 1,213
ILLINOIS	10,121	10,098	+ 27	10,077	9,218	+ 859
IOWA	5,686	5,241	+ 257	5,222	6,868	+ 354
KANSAS	5,429	5,795	+ 867	5,436	6,366	+ 70
MINNESOTA	6,691	6,241	+ 450	6,436	6,366	+ 332
MISSOURI	6,967	6,978	+ 3	6,922	6,138	+ 784
MONTANA	5,366	5,866	+ 498	5,366	6,890	+ 476
NEBRASKA	5,366	5,396	+ 30	5,366	6,872	+ 494
NORTH DAKOTA	6,178	5,678	+ 500	5,662	6,366	+ 1,696
OKLAHOMA	6,766	6,951	+ 185	6,696	6,260	+ 436
TEXAS	6,996	6,846	+ 150	6,996	6,846	+ 150
WEST VIRGINIA	10,963	6,763	+ 3,196	10,963	6,990	+ 3,973
WYOMING	6,967	6,748	+ 1,239	6,778	6,636	+ 1,142

SOURCE OF POPULATION DATA: 1955: BUREAU OF THE CENSUS, CURRENT POPULATION REPORTS, AS OF JULY 1, 1955; 1970: CENSUS OF POPULATION, AS OF APRIL 1, 1970.
a--SEE ALSO: TABLE A.

Connecticut Ranking

With Statewide Branching Prevalent (Total 20)						
	9	7	4	3	4	3
50 States and D.C.						
	11	8	4	6	13	3

Source: FDIC, Summary of Accounts and Deposits in All Commercial Banks, National Summary, June 30, 1970.

1958

CX-134

THE ADMINISTRATOR OF NATIONAL BANKS

WASHINGTON, D. C. 20220

OPINION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION OF FIRST NATIONAL BANK OF EASTERN NORTH CAROLINA FOR PERMISSION TO BRANCH AT 114 - 116 FAYETTEVILLE STREET, RALEIGH, WAKE COUNTY, NORTH CAROLINA.

First National Bank of Eastern North Carolina ("First National") applied on August 14, 1968, for permission to establish a branch office at 114-116 Fayetteville Street, Raleigh, Wake County, North Carolina. This application was accompanied by supporting financial and economic data.

By letter dated August 26, 1968, the national banks operating in the area and the State Commissioner of Banking were notified by the Comptroller's Office of the filing of this branch application. First-Citizens Bank & Trust Co. ("First Citizens") protested the application and requested certain information and a hearing. A public file was established containing all the data and information pertinent to the application, except material withheld as confidential and intra-office memoranda, and, pursuant to protestant's request, a hearing was scheduled for December 2 and 3, 1968 in Richmond, Virginia. However, after review of the public file, protestant withdrew the request for a hearing and chose instead to file a Documentary Protest.

On March 11 and March 14, 1969, the applicant and protestant respectively were notified that the application had been approved. Protestant then brought an action in the U. S. District Court for the Eastern District of North Carolina seeking a declaratory judgment and injunctive relief. By stipulation filed with the Court on April 18, 1969, it was agreed that the entire matter would be returned to the Comptroller for additional administrative proceedings and that, if the application were approved, protestant would be notified at least ten days prior to the issuance of a certificate. After again analyzing and considering carefully the materials submitted by the applicant, the protestant, and the examining personnel of the Comptroller's Office;

inquiring further into the general nature and direction of the Raleigh economy; and considering the effect, if any, upon this application of the recent Court of Appeals decision in First-Citizens Bank and Trust Co. v. Camp, 4th Cir., Nos. 12,552 and 12,553 (April 3, 1969), the Comptroller has determined, for the reasons set forth below, that the prior approval of First National's branch application should be reaffirmed.

From examination of the national banks already located in the Raleigh, North Carolina area and from passing upon previous applications -- some of which also have been protested by First Citizens -- by national banks for branches there, the Comptroller's Office is familiar with the Raleigh economic and banking climate. Raleigh is the capital of the State, the county seat of Wake County, and the hub of the Raleigh Standard Metropolitan Statistical Area. Metropolitan Raleigh and indeed all of Wake County have experienced substantial growth throughout the 1950's and the 1960's. A variety of industry and commerce, the presence of North Carolina State University as well as other institutions of higher learning, and the seat of state government assure a well balanced, diversified and strong economy for Raleigh and its environs. In the decade between 1958 and 1967, population in the area grew from 86,000 to 108,500; buying income for the locale rose from $154.6 million to $335.5 million; and dollar volume of building permits went from $24.6 million to $45.5 million with the greatest increase occuring between 1964 and 1967.

The prospects for the continued growth of the Raleigh metropolitan area are excellent. The entire economy of North Carolina is growing rapidly and Raleigh anchors the eastern end of an area of expanding, industrialized cities which extends westward and south through the Piedmont Region of the state to the vicinity of Gastonia and Charlotte. The population of Raleigh is expected to reach 136,000 by 1970 and 200,000 by 1980. Moreover, the prognosis of population growth for Wake County as a whole is from 169,082 in 1960 to 211,853 in 1970 and 269,421 by 1980. Personal income for the Raleigh area is projected to grow at an annual rate of 6.1 percent through 1975. As the cultural, business and commercial center of the area, the City of Raleigh will benefit from this development and its economy will continue to move ahead on all fronts.

The location of the proposed branch is in the business and financial heart of downtown Raleigh. The State Capitol building and a large complex of other state office buildings employing a daytime force estimated in 1968 at 7500 people are within easy walking distance of the proposed branch. Another 500 state employees will be working in this downtown area by the end of this year. The expansion and growth of the State government will continue through the 1970's and it is expected to acquire more office space in the downtown area, bringing into the area an additional 2800 state employees by 1980. Further, large offices of the Wake County Government and Federal Government are in the immediate vicinity of the proposed branch. A new county office building in excess of 12 stories is being completed within two blocks of the proposed branch and a new eight story federal office building is being erected within four blocks. Additionally, in close proximity to the proposed branch are approximately 243 commercial establishments and some 36, mostly small, manufacturing concerns. Retail sales over the period 1958-1967 have grown at an annual average rate of 12.1 percent and attained a level of $475.3 million in 1967. The daytime work force population in this area was estimated at 31,240 in 1965 and is forecast at 34,438 in 1970. Thus, while the rapidly expanding suburban areas of the city have accounted for the major portion of the growth in population and general economic activity, the relevant economic indicators demonstrate that this downtown area of the City of Raleigh will continue to grow and prosper along with the entire Wake County and Raleigh metropolitan area.

The applicant bank, First National, with total deposits of $70.5 million, has grown rapidly in both total resources and in the extent of its operation in recent years. Its assets have more than doubled since 1965, and, in addition to its head office in Jacksonville, it now operates 24 branch offices across the eastern portion of North Carolina and in Boone, in the western section of the State. First National has a total capital of $6,900,000 -- or $2,550,000 in excess of that required by 12 U.S.C. $36(c) and (d) -- to support its 28 approved or applied for branches, including this proposed branch. The impressive record of success of the applicant verifies the opinion of the Comptroller, based upon knowledge acquired through years of examination and supervision of this bank, that the applicant has the management, experience, and ability to expand successfully into new areas and to compete effectively with extant larger banks.

There are six banks operating 32 offices in the Raleigh area. Five of these banks are considerably larger than the applicant and the remaining bank, Mechanics and Farmers Bank of Durham, North Carolina, has deposits totalling $18 million. None of these banks are headquartered in Raleigh. Of all these six banks, only First Citizens has protested First National's application for this branch office.

Protestant, First Citizens, is one of the four largest banking institutions located in North Carolina. Its total deposits are almost five times the total deposits of the applicant and it is possessed of one of the most extensive branch banking systems in the entire state, with over 100 offices dispersed in 51 cities and towns across North Carolina.

The protestant argues for denial of this application mainly on the grounds that the area in downtown Raleigh, as delineated by the applicant as its primary service area, is static or declining economically and that this downtown area, as well as the entire city, is already adequately served by existing banking offices. The Comptroller is unable to accept these contentions. On the contrary, the approval of this application and the consequent entry of First National into the Raleigh market seems warranted for the following reasons:

First, protestant misreads the relevant economic indicators for the City of Raleigh. As stated previously, these indicators show that the economy of the city, particularly where the proposed branch is to be located, is continuing to grow, albeit not at the same rapid pace as the suburbs. Indeed, the pictures submitted by the protestant of the imposing and recently constructed "main" office buildings in downtown Raleigh of the protestant and other banks, representing, as they do, large and long term investments in the downtown section of the city, belie protestant's assertion that the future of the city is that of a declining economy. Large investments such as these evidence confidence on the part of the investors in the continued strength and growth of the city's downtown economy.

Second, the Comptroller's Office considers that evaluation of this application should be undertaken in light of the economic factors and banking climate of the entire Raleigh metropolitan area as well as the limited area described by the applicant as its primary service area. The establishment of a downtown office as a base for satellite branches throughout the entire metropolitan area is a firmly ingrained custom and

practice of banks located in Raleigh and, indeed, of banks in most of the large urban areas of the State of North Carolina. The applicant's nearest branch is thirty miles south of Raleigh, and it is clear that the applied for branch is the first and necessary step for the applicant in attempting to establish itself firmly on the Raleigh market. In a similar situation, the Comptroller recently approved the simultaneous opening of two branches of the much larger bank, First Union National, into the new trade area for that bank of Wilmington, North Carolina. Here, however, First National has only applied to establish a single branch in the new trade area, and one branch at a time is an ambitious enough undertaking for a bank of its size. This branch, however, is expected to attract customers from throughout the Raleigh area and to become the base from which the applicant might establish satellite branches, as other banks in the area have done. It is appropriate, therefore, to consider a wider range of economic data than just the number of potential customers and the number of banking offices in the downtown area delineated by the applicant.

[Third, the Comptroller believes that the establishment of a branch by First National in Raleigh will encourage healthy banking competition and benefit the public. It is true that many places in the United States -- particularly in states which prohibit or severely restrict branching -- might admire the banking services already conveniently available to the public in Raleigh and the manner in which the existing banks have been able to assist in and stimulate the city's growth. Nevertheless, in the absence of evidence the existing banks might become insolvent -- and there is no such evidence here -- national bank policy favors competition. The applicant bank has proved itself a vigorous, unusual, innovating and apt competitor. The entry of such a competitor into the Raleigh area would give another distinct banking choice to businessmen and residents and thus further stimulate not only bank competition but also the Raleigh economy in general.

Fourth, First National already has customers with $207,000 in deposits and $1,222,500 in loans in the Raleigh area. These existing customers will be better served by the establishment of the applied for branch.

Fifth, First National is well established and has many customers in the area to the south and east of Raleigh. These areas are largely agricultural and Raleigh is the major shopping center for persons living as much as seventy-five miles away. Many of these persons will find it convenient to have a branch of First National where they shop and transact other business as well as where they live.

Sixth, the economic growth trends and indicators for the Raleigh metropolitan area and the downtown section of the city are such that the need for increased and alternate banking services will continue to rise. There is no reason why the applicant should not be allowed to compete in this expanding market along with the protestant and the other existing banks.

Based upon all of the foregoing, upon the information gathered by this Office and upon the materials submitted by the applicant and the protestants, and based upon the knowledge of this Office of the economy of North Carolina in general and the banking market of Raleigh in particular, the application of First National to establish a branch at 114-116 Fayetteville Street, Raleigh, N.C., is hereby reaffirmed.

While this application was pending the United States Court of Appeals for the Fourth Circuit held in First Citizens Bank & Trust Co. v. Camp, 4th Cir. No. 12,552 (April 3, 1969), that "...the Comptroller was bound by North Carolina's 'need and convenience' and 'solvency of the branch' criteria" found in N.C.Gen.Stat. §53-62(b). The Court of Appeals noted "...that neither the North Carolina statute nor any decided cases provided any degree of specificity as to the factors, proof of which would show the presence or absence of 'need and convenience' for a new branch bank" and "...that there is a lack of definitive direction in the North Carolina statute" concerning "solvency of the branch." The Court of Appeals failed to mention how these findings were to be made. The National Bank Act provides no procedure for making such findings on the statutory criteria.

The Comptroller's Office has grave reservations about this portion of the Court of Appeals decision and how it should apply. Rather than disputing here the effect of that part of the decision, however, the Comptroller makes the following findings:

First, the approval of the application will meet the needs and promote the convenience of the Raleigh community in that customers of the applicant presently residing in the area will be better served; the economy of the City of Raleigh and the surrounding metropolitan area are healthy and growing and, therefore, are in continuing need for increased and alternative banking services; and the entry of First National, a vigorous competitor, into the Raleigh area will benefit the public by broadening the residents' choice of available banking services and stimulating competition for such services.

Second, the probable volume of business and reasonable public demand in Raleigh are sufficient to assure and maintain the solvency of this branch and that of existing banks in the community. There is no indication that the solvency or even the profitability of any of the six banks located in Raleigh will be adversely affected by the proposed branch. The banks in Raleigh are prospering now. Mechanics and Farmers Bank, the smallest bank located in Raleigh, has not protested this branch application. The other five banks are among the largest in the State with their deposits ranging from $171 million to $1,183 million. All six banks are possessed of competent management and are well able to withstand any competition generated by this proposed branch of First National. Moreover, the applicant's demonstrated ability to establish profitable branches and the dynamic character of the Raleigh economy allow more than a reasonable expectation that the proposed branch will prosper.

Accordingly, the application of First National Bank of Eastern North Carolina for permission to establish a branch at 114-116 Fayetteville Street in Raleigh, North Carolina, is reaffirmed.

William B. Camp
Comptroller of the Currency

Dated: 3/5/64

1965

GX-135

THE ADMINISTRATOR OF NATIONAL BANKS
WASHINGTON, D. C. 20220

OPINION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION OF NORTH CAROLINA NATIONAL BANK, CHARLOTTE, NORTH CAROLINA, FOR PERMISSION TO ESTABLISH A BRANCH AT 20-22 SECOND STREET, N. W., HICKORY, CATAWBA COUNTY, NORTH CAROLINA.

North Carolina National Bank applied to the Comptroller of the Currency on June 19, 1968, for permission to establish a branch in Hickory, North Carolina. The application was later amended to indicate that 20-22 Second Street, N.W., in the central business district of Hickory, would be the address of the proposed branch. The application was supported by relevant financial and economic data, and was accompanied by a statement of the applicant's board of directors indicating that the bank wished to provide the banking public in Hickory with a full range of banking services from a convenient, competitive, alternative source. The application was investigated in the usual manner by a commissioned National Bank Examiner.

There are three commercial banks with banking offices in the City of Hickory. Of these three banks, only the dominant bank in Hickory, The First National Bank of Catawba County (hereinafter "First National"), protested the application and requested a hearing. A fourth bank, Bank of Granite, with main offices in Granite Falls in neighboring Caldwell County, also protested the application. The requested hearing was held for four days commencing on October 21, 1968, before a panel convened by the Regional Administrator of National Banks for the Fifth National Bank Region, in Richmond, Virginia. Both the applicant and the protestants were given a full opportunity to present their views. Three witnesses appeared for the applicant, six for the protestant First National and one for the protestant Bank of Granite. The hearing was conducted in accordance with hearing procedures published for the Fifth National Bank Region. Oral and documentary evidence was received,

and all parties were given an additional opportunity to present supplemental briefs and arguments to the Comptroller after the hearing.

On January 9, 1968, after the completion of the hearing in the Regional Office, a member of the North Carolina Congressional delegation requested on behalf of protestant First National a meeting for representatives of First National with the Comptroller. The Comptroller also invited representatives of the applicant to attend, and the requested meeting was held in the Comptroller's Office on January 29, 1969. The representatives of the protestant First National made an oral presentation and submitted a written statement.

Twenty days before requesting this meeting with the Comptroller, the protestant First National had filed a complaint, verified by its president, in the United States District Court for the Western District of North Carolina, alleging that the Comptroller "...summarily, arbitrarily and capriciously approves applications for the establishment of national bank branches without proper consideration of the evidence...," and seeking to enjoin the Comptroller from approving this application.

After considering all of the materials and arguments submitted by the applicants and the protestants as well as the information gathered by and the opinions of the Comptroller's staff, the Comptroller determined that the application should be approved for the following reasons:

The City of Hickory lies in the northwestern portion of Catawba County near the center of North Carolina's "western urban complex," in the northwestern part of the state. The city itself has a population of 22,171, while the service area outlined by the applicant for the proposed branch (which includes the city and some well-populated areas immediately adjacent thereto) has a total population of about 24,200. The economy of Hickory is dependent principally on industrial and commercial activity. The area includes one of North Carolina's largest concentrations of manufacturing concerns, many of which are locally owned, whose principal products are textiles, furniture, electrical equipment and machinery. Hickory is well served by transportation, being located at the junction of U. S. Highways

321 and 64-70 and just north of the projected route of Interstate 40. The lines of both the Southern and the Chesapeake and North-Western Railroads pass through Hickory. The Hickory airport is served by regularly scheduled commercial flights.

Due in part to these transportation facilities, Hickory has developed into a major trade center for wholesale and retail activity for the four-county area which includes Alexander, Caldwell, Burke and Catawba counties. There are several well-developed shopping centers in the city, including one of the largest in North Carolina which was recently completed on the city's southern boundary. Retail sales have increased significantly, and now stand at an annual rate of $152 million, making Hickory the state leader in retail sales per capita, while the volume of wholesale trade sales has shown a growth rate far higher than the state average. Population, industrial activity, and income in Hickory also have increased. The 1968 Hickory population is 115 percent of the 1960 census figure, and this growth is expected to continue. Annual payroll figures for employees of manufacturing concerns with Hickory addresses are nearly $100 million, while the total annual payroll for all employees in the service area is projected to increase 62 percent in the five year period from 1968 to 1973. Most of the employees in the area fall into skilled or semi-skilled categories, and employment is generally non-seasonal. Two educational institutions, the Lenior Rhyne College and the Catawba Valley Technical Institute, are located in the Hickory area. This strong employement base has provided an effective buying income per household in Hickory substantially higher than that of the state as a whole. The growth rate in real per family income in Hickory is also substantially above that of state and of most of its major cities. The homes in applicant's service are are above average in quality and are generally owner occupied. A substantial number of homes are valued in excess of $35,000.

In short, these and other economic indicators show a strong and increasing demand for banking services in this community.

The applicant North Carolina National Bank is a strong, well-managed bank with deposits of $950 million in September 1968, up from $617 million in 1964, or an increase of about 35 percent. As stipulated by the protestant banks, the

applicant has a total of approximately $31 million capital in excess of statutory requirements of 12 U.S.C. §36(c) and (d) to support its branch structure of 84 branches. Furthermore, the applicant has demonstrated that it possesses the managerial resources and experience to operate this branch successfully, and has assigned a staff of capable and experienced bankers to manage the proposed branch. Entry by North Carolina National into Hickory would bring important new banking services to the community, including overdraft banking, 5 percent ten-year guaranteed savings certificates, automated account reconciliation services and freight payment plans, and an aggressively marketed bank credit card program with national credit standing. The applicant would offer, in a more comprehensive fashion than are currently available in Hickory, trust services and international banking services. The low incidence of use of bank trust services in Catawba County, in comparison with other counties in North Carolina, indicates a particular need for such services in this area. The entry of North Carolina National Bank into Hickory also will enable the bank to serve its existing business in this community in a more efficient manner, and will ensure that the resources will be available to meet the community's present and future needs for banking services of high quality.

Of particular importance in this instance, the competition resulting from an approval of this application will have a healthy effect on the heavily concentrated banking market in the Hickory area. Although there are three banks with a total of 14 banking offices located in the applicant's primary service area, the protestant First National dominates the banking market. First National was established in 1891. It maintains five banking offices in the city and five outside the city, and has deposits of approximately $72 million. This bank holds about 70 percent of the deposits in Hickory and about 63 percent of the deposits in Catawba County, and is the principal bank for an overwhelming 83 percent of Hickory's major employers. This large market share is due in part to the ability and aggressiveness of First National. The bank is profitable and well managed. For example, First National has established its own credit card as a part of the Inter-bank system, and its recovery of the start-up costs on this card has been remarkable. Norwithstanding the soundness of the protestant First National, however, and the good service it now provides the banking public, it is the opinion of the Comptroller that even better service could be provided and the public interest benefited by the addition of an aggressive competitor.

First National now faces some competition, but it does not appear to be especially vigorous. Two banks with statewide branching systems have branches in Hickory. The Northwestern Bank, with main offices in North Wilkesboro and system deposits of about $350 million, first opened a branch in Hickory in 1947 and established additional branches in the city in 1960, 1964 and 1967. First-Citizens Bank and Trust Company, with headquarters in Smithfield and system deposits of about $545 million, opened a branch in Hickory in 1962 and has since opened additional branches within the city in 1964, 1967 and 1968. In addition to these two banks, the protestant Bank of Granite provides some competition in Hickory and has applied to the State Banking Commission for a branch just two blocks away from the applicant's proposed site. Indeed, ~~this branch application largely explains Bank of Granite's~~ opposition to North Carolina National's application. Protestant First National has shown itself more than capable of withstanding this competition, and, indeed, has maintained its near monopoly position. Neither Northwestern Bank nor First-Citizens nor Bank of Granite has proved to be an effective competitor of the protestant First National.

The high concentration in the Hickory banking market is reflected in the survey which First National submitted to the Comptroller. Eighty-two percent of the merchants and 84 percent of the industrial firms responding to this survey had their primary banking relationship with protestant ~~First National. The survey also showed~~ that most of those interviewed were satisfied with present banking services and did not believe that an additional bank was necessary. These opinions, however, are of little weight because many of the respondents were dependent on the protestant bank for their financing and because the survey was preceded by a mass mailing by First National urging public support for its effort to defeat a new entry into the banking market.

The protestant's conclusions that Hickory has a declining economy and is over-banked are not well founded. As noted earlier, Hickory is not a static area, but rather has an economy that is expanding vigorously. Although the rate of population growth in the city of Hickory itself has slowed due to near saturation of available space within the city limits, the ares immediately adjacent to the city, which form a part of the applicant's service area, are growing rapidly. The heavy reliance by First National upon the application of Mathematical formulas concerning the ratio of population to banking offices fails to take into account the

market concentration and need for bank competition, the growth factors in the community, and the rapid recent expansion by existing banks in Hickory have expanded aggressively in recent years in response to the present and anticipated demands of the banking public. Seven branch offices have been opened by these banks within the city limits in the past five years, including three in the year preceding the filing of this application. Protestant First National itself is developing plans to remodel and up-date its own main office in downtown Hickory. All of these factors are particularly important in this instance in determining whether the approval of an additional banking office is in the public interest. The entry of North Carolina National Bank will add a strong competitor to the banking market and thus should stimulate the existing banks in the community, particularly First National, to improve services even further in an effort to maintain their market shares.

The protestant has contended that even if the applicant were to put a branch in Hickory, it should not be located in the central business district which the protestant describes as decaying. The central business district of Hickory, however, despite acknowledged problems of traffic congestion common to urban areas, is viable area for commercial activity, including the banking business. The principal Hickory offices of the three banks now serving the city are located in this area. The Northwestern Bank has recently occupied new or renovated quarters downtown, and the protestant First National itself is considering the acquisition of a new main office in this district. The applicant intends to improve the site selected for its proposed branch location by remodeling and landscaping the building, and by providing ready access to nearby municipal parking. The applicant's proposed branch site is thus a feasible location for conducting the banking business, and will significantly enhance Hickory's central business district.

Based upon all of the foregoing, upon the materials submitted by the applicant and the protestants, upon the transcript of and exhibits offered at the public hearing above referred to, upon the meeting held by the protestant with the Comptroller, and upon the knowledge of this Office of the economy of North Carolina in general and the banking market in Hickory in particular, the application of North Carolina National Bank to establish a branch at 20-22 Second Street, N. W., Hickory, N. C. is hereby approved.

While this application was pending, the United States Court of Appeals for the Fourth Circuit held in First-Citizens Bank & Trust Co. v. Camp, 4th Cir. Nos. 12,552 and 12,553 (April 3, 1969), that "...the Comptroller was bound by North Carolina's 'need and convenience' and 'solvency of the branch' criteria" found in N.C.Gen.Stat. §53-62(b). The Court of Appeals noted "...that neither the North Carolina statute nor any decided cases provides any degree of specificity as to the factors, proof of which would show the presence or absence of 'need and convenience' for a new branch bank," and "...that there is a lack of definitive direction in the North Carolina statute" concerning "solvency of the branch." The Court of Appeals failed to mention, however, how these findings were to be made. The National Bank Act provides no procedure for making such findings, and it is the understanding of the Comptroller's Office that the North Carolina Banking Commission merely approves or disapproves branch applications without any written findings on the statutory criteria.

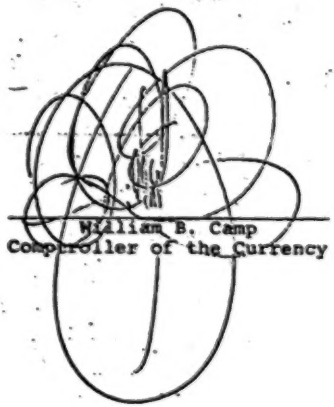
The Comptroller's Office has grave reservations about this part of the Court of Appeals' decision and its application to the processing of national bank branch applications. Rather than disputing here, however, the effect of that decision, the Comptroller makes the following findings:

First, approval of this application will meet the needs and promote the convenience of the Hickory community. The applicant will be able to serve more efficiently its existing business in this community, and will help to meet the growing need for banking services of high quality. The financial resources of the applicant, including a lending limit far higher than that of any bank now located in Hickory, will assist in promoting the community's economic development. The applicant will bring financial services which are new to this community, and will offer other services in a more comprehensive and complete manner than are presently available to the Hickory community. Hickory will also be well served by the entry of a vigorous competitor to challenge domination of the banking market by First National.

Second, the probable volume of business and reasonable public demand in Hickory are sufficient to assure and maintain the solvency of this branch and that of the existing banks in the community. The applicant, with a state-wide network of 84 branches, has demonstrated the ability, experience, and depth of management to establish successfully this branch office. Furthermore, it is clear that the

entry into Hickory of this applicant will in no way threaten the solvency of the existing banks in the community. The protestant First National is the only existing bank with a main office in Hickory. It is noted that, despite the relatively recent entry into Hickory of two banks with statewide branching systems, the protestant First National has maintained its dominant position in Hickory's banking market, and has shown outstanding growth in assets and earnings. There is no reason to believe that approval of this application, and the entry of an additional source of national banking services, will in any way threaten the solvency or profitability of the protestant First National, of the protestant Bank of Granite, or of the other banks in the community.

Accordingly, the application of North Carolina National Bank for permission to establish a branch at 20-22 Second Street, N. W., in Hickory, North Carolina, is approved.



William B. Camp
Comptroller of the Currency

Dated: June 6, 1969.

1978

GX-136

50 Largest Loan Customers Of Defendants
Comparison Of Total Loans And Deposits

	Total Highest Loan Balances During Year Ended 9/30/71	Total Loan Balances on 9/30/71	Total Deposit Balances at Defendant on 9/30/71
Connecticut Nat'l	$56,657,710	$36,670,270	$14,717,640
First New Haven	28,059,658	24,591,628	4,454,956

Source: Defendants' Answers to Interrogatory 16;
CNB's answer to Interrogatory 2, Set No. 3.

GX-137

PLAINTIFF'S INTERROGATORY TO DEFENDANTS,
SET 1, NO. 42

Interrogatory 42

State whether (A) Connecticut National, and (B) First New Haven have, since January 1, 1967, considered offering new banking services. If the answer is in the affirmative, for each such consideration state:

(1) Date;

(2) Names of officers or directors participating;

(3) New service considered;

(4) Whether service was added; and

(5) If service was not added, the reasons for such decision.

1975

CONNECTICUT NATIONAL BANK

INTERROGATORY #42 A

The following services have been introduced since January 1, 1967. There were no instances of formally considered services which were not introduced.

March, 1967

Total Credit Plan Concept: descriptive billing statement, 60 day - 90 day installment sales, finance charge of 1½% for first $500 balance and 1% over $500. (Robert Mastroni, Vice President)

January, 1968

Charga-Check: check instrument that is charged against the customer's charge account at 15¢ per check plus finance charge. (Robert Mastroni, Vice President)

April, 1969

Interbank Credit Card. (Robert Mastroni, Vice President)

May, 1969

Master Charge Credit Card. (Robert Mastroni, Vice President)

July, 1969

Preferred Earnings Plan. A 5%, no passbook savings instrument, with 90 day notice of withdrawal required. Interest paid day-of-deposit to day-of-withdrawal, compounded quarterly. (Bruce W. Taylor, Vice President; William C. Peters, Senior Vice President; and Daniel G. Hoyt, Vice President and Cashier)

September, 1969

Company Master Charge Credit Plan. Multiple individuals have charges applied to single company account for billing purposes. (Robert Mastroni, Vice President)

November, 1969

Cash-check Guarantee Cash Reserve. Check drawn against demand deposit account can be guaranteed by writing charge account number on reverse side. (Robert Mastroni, Vice President)

March, 1970

Leasing financing. (Jay Myers, Vice President)

June, 1970

30-60-90 Day Delayed Payment Charge Account Plan. No payment due for 30-60-90 days, with finance charge applied to first statement. (Robert Mastroni, Vice President)

July, 1970

Mandatory Tax Escrow on mortgages. (Richard Ritter, Vice President)

September, 1970

Free checking account for customers over 65 years of age. (Bruce W. Taylor, Vice President)

September, 1970

Free checking account for full-time day students at any college or university in the United States. (Bruce W. Taylor, Vice President)

January, 1971

Magic Mortgages. 90% conventional mortgages with the top 20% of the mortgage balance covered by Mortgage Guarantee Insurance Corporation. (Richard Ritter, Vice President)

January, 1971

Minority Entrepreneur loans. (Jay Myers, Vice President)

1977

THE FIRST NEW HAVEN NATIONAL BANK

INTERROGATORY 42

A. 1. 1968
2. John D. Greco, Senior Vice President
Carroll Gouger, Vice President
3. Accountants General Ledger and Accounting System
4. Service was not added.
5. Survey of accountants indicated no market.

B. 1. 1969
2. John D. Greco, Senior Vice President
Carroll Gouger, Vice President
3. Inventory control and accounts payable system.
4. Service was not added.
5. A limited market and the profitability of the service was questionable.

C. 1. May, 1970
2. Andrew DelGrego, Assistant Vice President
Aurelio Fusco, International Officer
3. Corporate Services Section consisting of trade development, overseas credit information, corporate remittance service, issuance of Commercial Letters of Credit, foreign collection section, short and medium term export financing.
4. Service was added.

D. 1. January, 1971
2. Frank G. Chadwick, President
Donald Eglee, Vice President
William Young, Vice President
Andrew DelGrego, Assistant Vice President
3. Shorehaven Bank International
Service for customer's offshore lease financing needs throughout Canada and Western Europe.
4. Service was added.

THE FIRST NEW HAVEN NATIONAL BANK

INTERROGATORY NO. 42 (Cont'd.)

E. In addition to the foregoing, and during the period in question, The First New Haven National Bank gave consideration to those categories of new services more particularly described in response to Interrogatory 43 under the headings of Municipal Banking Department, Investment Research and Counselling, Personal Banker Concept, Construction Financing, Specialized Credit Facilities, Corporate Financial Counselling, Area Development Specialists and Economic Newsletter. In these instances, the considerations were preliminary and general in nature, and did not move into the formal study stage as in the case of A-D above.

EX-138

On motion duly made and seconded, the following resolution was unanimously adopted:

VOTED: That the loans, as listed, be approved, the minutes of the Loan, Executive, and Trust Committees be and the same hereby are approved, and that the actions of the Committees, as reflected in such minutes be and the same hereby are ratified, confirmed, and adopted, reserving for separate action the recommendation of the Executive Committee re the election of Thomas Taft. *

Mr. Hooker reported that our bond account, with a book value as of July 31, 1970 of $40,673,418.32, showed a depreciation as of that date of $2,346,283.32, as compared with a depreciation of $2,753,728.32 at the end of June, 1970.

Mr. Hooker also reported to the Board a series of events in April, 1968, dealing with a loss of funds from our Long Wharf Office, together with the subsequent claims and counterclaims by the bonding companies of The First New Haven National Bank and Sargent & Company. Mr. Hooker recommended that the Board charge off the amount in question, feeling that no further action on the part of the Bank could reduce the sum indicated. After discussion, it was

VOTED: To charge off $2,655.00, representing the balance of the unauthorized payroll given to Sargent & Company in April, 1968.

Mr. Chadwick commented briefly on a condensed statement of condition as of the last day of July, 1970, 1969, 1968; also on a comparative statement of earnings and expenses for the month of July and the first seven months of 1970, as compared with similar periods a year ago.

Mr. Chadwick then reported to the Board that he had recently gone to Washington for extended discussions with Mr. Richard Blanchard, the Deputy Comptroller of the Currency in charge of mergers, and his Chief Counsel Mr. Philip Roach. Mr. Blanchard and his staff reviewed for Mr. Chadwick both their position and their determination of the Justice Department's position regarding bank mergers in the State of Connecticut. Mr. Chadwick concluded that the Justice Department reviews very closely the relative position of the eight largest banks in the State of Connecticut and, in his judgment, would oppose any merger with the top eight. The Comptroller's Office has taken the position, informally, that in order for their department to support a merger among the eight largest banks in the State of Connecticut there must be an irrevocable promise that the banks in question would be willing to extend the appeal process, if necessary, through to the Supreme Court of the United States. Mr. Chadwick also discussed the Department's attitude regarding registered bank holding companies, analyzing possibilities for expansion and probing the actual benefits.

As a final items of business, Mr. Chadwick reported his involvement in BankPac, asking our Directors to give serious consideration to his letter of August 12, 1970, which is being distributed to key bankers within the State of Connecticut.

No further business being presented, the meeting adjourned at 10:30 A.M.

ATTEST: [signature]
Secretary

*VOTED: To approve the election of Mr. Thomas Taft as a Vice President of The First New Haven National Bank.

1980

GX-139

De Novo Bank Charters Issued To Holding Companies

Holding Co., Name of New Banks, Year Approved

Valley Bancorporation, Appleton, Wisconsin
American State Bank, Grand Chute, 1966

Marshall & Isley Bank Stock Corp., Milwaukee, Wisc.
Bank of Greenfield, 1967
West Suburban Bank, Brookfield, 1967

First Wisconsin Bankshares Corp., Milwaukee Wisc.
First Northwestern Nat'l Bank of Milwaukee, 1968
Mequon Nat'l Bank, 1967
First West Towne Nat'l Bank of Madison, 1970

First Virginia Bancshares Corp., Arlington, Va.
First Commercial Bank, Orange, Va., 1971
First Bank & Trust Co., Colonial Heights, Va., 1971
First Atlantic Bank, Hampton, Va., 1970

Virginia Commonwealth Bancshares, Inc., Richmond, Va.
Bank of Virginia of Roanoke Valley, Vinton, Va., 1971
The First Valley Bank, Weber City, Va., 1966
The First Colonial Bank, Virginia Beach, Va., 1968
The American Bank of Loundown, Dulles Int'l Airport, Va., 1971

Charter New York Corp., New York, New York
Union Nat'l Bank of Albany

Colorado CNB Bankshares, Inc., Denver
Arapahoe Colorado Nat'l Bank, Arapahoe Co., Colo., 1970
Lakewood Colorado Nat'l Bank, 1969

Southeast Banking Corp., Miami, Florida
Southeast Bank of Dadeland, Miami, 1971
Southeast Nat'l Bank of Orlando, Orlando, 1970

Central Valley Banking System, Inc., Oakland, Calif.
Bank of Fairfield, Fairfield, Calif., 1970

Atlantic Bancorporation, Jacksonville, Florida
The Atlantic Bank of Orlando, 1970
Gainsville Atlantic Bank, Gainsville, 1971
Westside Atlantic Bank of Orlando, 1971
Normandy Atlantic Bank, Jacksonville, 1969

Barnett Bank of Florida, Inc., Jacksonville
Barnett Bank of West Orlando, 1972
Barnett Bank of Daytona Beach, 1969
Barnett Mall Bank, N.A., Winter Park, 1971
American Bank in Auburndale, 1970
Barnett First Nat'l Bank in Seminole Co., 1970
Barnett Bank of Orlando, 1970
Anastasia Bank, St. Augustine, 1969
North Tallahassee Bank, Tallahassee, 1969
Regency Square Barnett Bank, Jacksonville, 1968
Barnett Bank of Brandon, N.A., 1972

1981

Holding Co., Name of New Banks, Year Approved

First Bank Stock Corp., (now First Bank System, Inc.)
Minneapolis
First Plymouth Nat'l Bank, Minneapolis, 1969

United Bancshares of Florida, Inc., Miami
United Nat'l Bank of Westland, Hialeah, 1972
United Nat'l Bank of Dadeland, Miami, 1968

First Colorado Bancshares, Denver
Security National Bank, Denver, 1963

Bank of New York Co., Inc., New York
Niagara Frontier Bank of New York, Buffalo, 1969

Exchange Bancorporation, Inc., Tampa, Florida
Exchange Bank of North Winter Haven, Winter Haven, 1971

First Florida Bancorporation, Tampa
Orlando Nat'l Bank-West, Orlando, 1972
State Bank of North Jacksonville, Jacksonville, 1971
Marine Nat'l Bank of St. Petersburg, 1971

Pan American Bancshares, Inc., Miami
Pan American Bank of Miami Beach, 1971

Fidelity-American Bancshares, Inc., Lynchburg, Va.
Tidewater Bank & Trust Co., Williamsburg, 1972 (applied)

Affiliated Bank Corp., Madison, Wisconsin
Middleton Shores Bank, Middleton, Wisc., 1972

Mid America Bancorporation, Inc., St. Paul, Minn.
State Bank of Mendota Heights, Mendota Heights, Minn., 1971
Park Grove Nat'l Bank, Cottage Grove, Minn., 1970
Suburban Nat'l Bank of Roseville, 1970

Broward Bancshares, Inc., Fort Lauderdale, Florida
Lauderdale Lakes Nat'l Bank, Lauderdale Lakes, Florida, 1970

First National Corp.,
Appleton, Wisconsin
Valley Nat'l Bank, Menaska, 1965
First Nat'l Bank West, Grand Chute, 1966

United Bancorp of Maine, Portland
Central Nat'l Bank, Waterville, 1971

BancOhio Corp., Columbia, Ohio
Community Nat'l Bank, Loveland, 1972

Wyoming Bancorporation, Cheyenne, Wyoming
First Nat'l Bank of Jackson Hola, 1971

Midlantic Banks, Inc., Newark, New Jersey
Midlantic Nat'l Bank, Parsippany-Troy Hills, N.J., 1972

Brenton Banks, Inc., Des Moine, Iowa
Northwest Brenton Bank & Trust Co., Urbandale, Iowa,1970
Brenton Bank & Trust Co. of Cedar Rapids, 1972

Holding Co., Name of New Banks, Year Approved

U.N. Bancshares, Inc., Springfield Mo.
Springfield Nat'l Bank, 1970

First Bancshares of Florida, Inc., Boca Raton
First Nat'l Bank of Palm Beach Gardens, Florida, 1971

Southwest Bancshares, Inc., Houston, Texas
Village Nat'l Bank, Houston

Security Financial Services, Inc.

First Security Corp., Salt Lake City, Utah
First Security State Bank of Springville, 1971
First Security Bank of Bountiful, 1970

Consolidated Bankshares of Florida, Inc., Fort Lauderdale
Security First Nat'l Bank of Plantation, 1971

Toronto-Dominion Bank, Toronto
Toronto-Dominion Bank of California, 1971

The Suncoook Bank, Suncook, N.H.
Hoosett Bank, Hoosett, 1971

Palmer Bank Corp., Sarasota, Florida
Village Plaza Palmer Nat'l Bank, Sarasota, 1972 applied

Sanwa Bank, Ltd., Osaka, Japan
Sanwa Bank of California, San Francisco, 1972

The Mitsubiski Bank, Ltd., Tokyo, Japan
The Mitsubiski Bank of California, Los Angeles, 1972

First Nat'l City Corp., New York
Citibank, N.A., North Bay Shore, Islip, N.Y., 1971

The Dai-Ichi Kangyo Bank, Ltd., Tokyo, Japan
The First Pacific Bank of Chicago, 1972

The Chase Manhattan Corp., New York
Chase Manhattan Bank of Long Island, Melville, 1971

Banque Nationale de Paris
French Bank of California, San Francisco, 1972

Weerva, Inc., Lakewood, Colo.
Westland Nat'l Bank, Lakewood, Colo., 1972 applied

North American Mortgage Corp., St Petersburg, Florida
American Bank, St. Petersburg, 1972 applied

First at Orlando Corp., Orlando
Citizens Commercial Bank of Ocala, 1971 (applied)
The Fort Pierce Bank, Fort Pierce, 1971
Central Park First Nat'l Bank, Orlando, 1970
First Nat'l Bank of Palm Bay, 1972 (applied)

SOURCE: Department of Justice files.

GX-140

EXHIBIT A

RESOLUTION APPROVED BY THE

BOARD OF DIRECTORS OF UNITED JERSEY BANKS

AT ITS MEETING ON OCTOBER 18, 1971

"RESOLVED, that Edward A. Jesser, Jr., the Chairman and Chief Executive Officer, and Kenneth H. Fisher, the President, of United Jersey Banks, (hereinafter called the Applicant, or either of them, be, and they hereby are authorized and empowered for and in the name and on behalf of the Applicant to execute and deliver to the Board of Governors of the Federal Reserve System, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956, as amended, an application for prior approval by the Board for the acquisition by the Applicant of direct or indirect ownership, control or power to vote, of 100% of the voting shares, less Directors' qualifying shares, of a proposed new national bank being organized by five local incorporators (with the sponsorship and support of the Applicant, United Jersey Banks) in the Township of Cherry Hill, County of Camden, New Jersey, under the following requested titles (in order of preference; subject to final approval of The Comptroller of the Currency):

United Jersey National Bank of Cherry Hill

United Jersey Bank, National Association, of Cherry Hill

National Bank of Cherry Hill

Certified to be a true and correct copy of a Resolution adopted by the Board of Directors of United Jersey Banks at a regular meeting held on October 18, 1971, at Jamesburg, New Jersey, at which meeting a quorum was present and voted.

/s/ F. Clinton Spencer
F. Clinton Spencer
Secretary

Dated: October 18, 1971

1984

EXHIBIT B

DESCRIPTION OF PROPOSED TRANSACTION--APPLICANT IS TO FURNISH INFORMATION WITH RESPECT TO THE STOCK OF THE BANK TO BE ACQUIRED, SHOWING:

1985

1. Total number of shares, by class, now outstanding, number of additional shares to be issued, if any, and the par value per share of all such stock.

(AS OF JANUARY 1, 1972)

Bank	No. of Shares Authorized	No. of Shares Outstg.	No. of Add'l Shares to Be Issued	Par Value Per Share
United Jersey Banks* ("UJB")	3,000,000 (Common)	2,282,731	84,375 (2 pending acquisitions) -0- (this transaction "Cherry Hill")	$5.00 -
Two pending Acquisitions** (Totals)	83,000	83,000	-0-	***
United Jersey National Bank of Cherry Hill ("Cherry Hill")	92,000	80,000	-0-	$6.25

* Applicant (a registered bank holding company)

** An application (dated September 28, 1971) has been filed in final form with the Board of Governors of the Federal Reserve System for the acquisition of The City National Bank of Millville, (45,000 shares of UJB).

In addition, an application (dated December 23, 1971) has been filed in draft form with the Federal Reserve Bank of New York for the acquisition of Madison State Bank, (39,375 shares of UJB).

*** Par values per share of the two pending acquisitions are as follows:

The City National Bank of Millville -- $10.00 (20,000 shrs. outstg.)
Madison State Bank -- $10.00 (63,000 shrs. outstg.)

NOTE: Application for acquisition of the First National Bank of Princeton was approved by the Board of Governors of the Federal Reserve System on August 17, 1971. First National Bank of Princeton joined the holding company at the opening of business on November 1, 1971. 325,926 shares of UJB common stock were required to effect the acquisition.

In addition, applications for acquisition of Peoples Bank of South Bergen County (Carlstadt), Peoples Bank of Montvale, and Peoples Bank of Ridgewood were approved by the Board of Governors of the Federal Reserve System on October 26, 1971. These three banks joined the holding company at the close of business on December 31, 1971. 128,592 shares of UJB common stock were required to effect these acquisitions.

2. The number of such shares, if any, owned, controlled, or held with power to vote by Bank, either directly or indirectly, showing the cost and carrying value of such shares and describing the manner by which such shares were acquired.

As of December 31, 1971, United Jersey National Bank of Cherry Hill (in organization), the proposed subsidiary bank, did not own, control, or hold with power to vote, any of its own shares.

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3. The number of such shares, if any, owned, controlled, or held with power to vote by Applicant and/or by each of its subsidiaries, either directly or indirectly, showing the cost and carrying value of such shares and describing the manner by which such shares were acquired.

The Applicant, as sponsor, will own (by subscription) all the shares of the proposed subsidiary bank (now in organization). The cost and carrying value of these 80,000 shares will be $1,000,000 ($12.50 per share- subscription price). Directors' qualifying shares totalling $1,000 par value for each director (160 shares x $6.25 par value) will be sold by applicant to each director of proposed new bank.

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4. The number of such shares, if any, held or controlled by trustees, either directly or indirectly for the benefit of Bank, Applicant, or any of their subsidiaries, or any shareholders or employees of Bank, Applicant, or any of their subsidiaries.

No shares of the proposed subsidiary bank are, or will be, so held or controlled by trustees.

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5. Whether the Applicant or any of its subsidiaries is a borrower or lender with respect to any loan collateraled by shares of the Bank, showing for each such loan the name of the lender, the name of the borrower, the amount of the loan, the number of shares held as collateral, and the dependency of the loan upon the Bank's stock.

None of the Applicant's present or pending subsidiary banks is a borrower or lender with respect to any loan collateraled by shares of the Bank.

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6. Whether any stockholder of Bank, holding 20 per cent or more of the total shares of voting stock outstanding, has a loan or loans outstanding collateraled by such shares. If so, for each such loan furnish the date of the loan, the name of the lender, the name of the borrower, the original amount and present balance of the loan, the number of shares of Bank's stock held as collateral, and the dependency of the loan upon the Bank's stock. (The requested information for such loans as described in Items 5 and 6 shall be furnished on a confidential basis).

The Applicant will own all the outstanding shares of the proposed subsidiary bank (80,000 shares) being the only subscriber for stock of the Bank. The Applicant will sell 160 shares,at par value of $6.25 per share,to each director. The Applicant (only stockholder holding 20% or more of total voting shares) does not, nor will not, have any loan or loans outstanding collateraled by such shares.

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7. The number and class of such shares proposed to be acquired by Applicant and/or by each of its subsidiaries, indicating:

(a) The number of shares to be acquired by cash purchase, the amount proposed to be paid per share,and in total, by each purchaser, the method by which the purchase price was determined and the source of the funds to be applied to the purchase;

Applicant proposes to acquire 80,000 shares by cash purchase at the subscription price of $12.50 per share for a total of $1,000,000. Each director will purchase from the Applicant 160 shares at par value of $6.25 per share, ($1,000 par value).

The subscription price was determined by the amount of capital required to organize a new national bank, potential earnings, and the growth potential and service area of the Bank.

Applicant will subscribe for the 80,000 shares of the proposed subsidiary bank from the net proceeds ($19,800,000) of the sale of an issue of $20,000,000 of 7.95% eight year capital notes (sold on June 15, 1971). For a full description of these capital notes see Applicant's answer to Exhibit C, question 7, on page of this Application.

(b) The number of shares to be acquired by exchange of stock, the exchange ratio, the method by which it was determined, and the number and class of the shares to be exchanged.

Applicant does not plan to acquire any shares of the proposed subsidiary bank by an exchange of stock.

---

8. Description of all offers made to the present shareholders of the Bank, indicating whether such offers were made to all shareholders. Submit a copy of any written offer, agreement, or contract, and of any prospectus pertaining to the proposed transaction.

Applicant will be the subscriber for all the shares of the proposed subsidiary bank and, as such, there will be no offer to "present shareholders."

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9. The recent market price or bid and asked prices for the Bank's shares and the Applicant's shares, and the date of such quotations. If there is no market for the stock of either, indicate the date of the last sale of any significant block of stock and show the price paid and the number of shares involved.

The market price of Applicant's common stock on the New York Stock Exchange on December 28, 1971, as recorded in the WALL STREET JOURNAL, was a high of $45-1/8 and closing at $45-1/8.

There has been and will be no market for shares of the proposed subsidiary bank since the Applicant will be the subscriber for all shares of the proposed subsidiary bank (now in organization). Applicant will subscribe for all 80,000 shares of the Bank at the subscription price of $12.50 per share.

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10. Information regarding any consideration, monetary or otherwise, that has been paid, given, or offered to any shareholder, director, or officer of the Bank in connection with the consummation of the proposed transaction. Include any formal or informal agreement relating to payment of compensation, after consummation of the proposed transaction, in any form, such as salary, bonus, or retirement.

No consideration, monetary or otherwise, has been paid, given or offered to any shareholder, director, incorporator, or officer of the proposed subsidiary bank in connection with the consummation of this proposed transaction.

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11. Information as to which party made the initial approach, Applicant or Bank, with respect to this proposed transaction and an explanation of the manner and nature of this approach.

Not applicable. The proposed subsidiary is a new bank sponsored by Applicant. To insure compliance with a section of the New Jersey Banking Statute (recently adjudged not applicable to the organization of new national banks), Applicant located 5 Cherry Hill residents and business leaders with whom a joint application for the charter could be made.

CX-143

THE ADMINISTRATOR OF NATIONAL BANKS
WASHINGTON, D. C. 20220

Office of the
Comptroller of the Currency

DECISION OF THE OFFICE OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO MERGE GENERAL BANK AND TRUST COMPANY, NEW HAVEN, CONNECTICUT, INTO HARTFORD NATIONAL BANK AND TRUST COMPANY, HARTFORD, CONNECTICUT, UNDER THE CHARTER AND WITH THE TITLE OF THE LATTER.

STATEMENT

On June 25, 1970, General Bank and Trust Company, New Haven, Connecticut, and Hartford National Bank and Trust Company, Hartford, Connecticut, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The charter bank, with deposits of $821 million, is the second largest bank in Connecticut. It was originally organized in 1792 and presently operates 50 branch offices which serve seven of the state's eight counties.

The merging bank, with IPC deposits of $7 million, is the smallest bank in New Haven. It was originally organized in 1928 and presently operates one branch office in Hamden. The bank is faced with a management succession problem. Direct banking competition is provided by four of the largest banks in the state: the Connecticut Bank and Trust Company of Hartford, with deposits of $830 million; the Union Trust Company of New Haven, with deposits of $445 million; The First New Haven National Bank, with deposits of $234 million; and the Second National Bank of New Haven with deposits of $160 million.

New Haven, with a population of about 141,000, is situated on Long Island Sound, approximately 45 miles to the south of Hartford. Not only is it the leading retail center in south-central Connecticut, but it is also an important seaport and home of Yale University. While the city of New Haven has suffered a decline in population, the outlying areas continue to expand. The city's mixture of employment opportunities including manufacturing, retail and service industries more than justify healthy economic projections. Hamden, with a population of about 48,000, is situated five miles to the north of New Haven. This area has experienced rapid growth in recent years due to accelerated interest in suburban living.

There is no significant competition presently existing between the two banks which will be eliminated by consummation of the proposed merger. Their closest offices are about 20 road miles distant from each other; the charter bank has no offices in New Haven County. Since Connecticut law does not permit de novo branching into townships where there is already located the home office of another bank, both New Haven and Hamden are closed to de novo entry by the charter bank. The addition of $7 million in deposits to the charter bank will not have any significant effect on the overall banking structure. On the other hand, consummation of this merger will solve the management problem at the merging bank and will provide a bank which will be more able to compete with the large New Haven-Hamden banks and better able to meet the needs of these communities.

Applying the statutory criteria, we find that this proposal is in the public interest and the application is, therefore, approved.

William B. Camp
Comptroller of the Currency

Dated: SEP 21 1970

GX-144

REPORT OF THE OFFICE OF THE COMPTROLLER OF THE CURRENCY TO THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM UNDER THE BANK MERGER ACT OF 1960, AS AMENDED

SUBJECT: Proposed merger of The Tradesmens National Bank of New Haven, New Haven, Connecticut, with The Connecticut Bank and Trust Company, Hartford, Connecticut, under the charter and with the title of the latter.

The Connecticut Bank and Trust Company, with IPC deposits of $621.8 million, was organized in 1792. It operates, in addition to its main office, 37 branches in the Hartford metropolitan area.

Hartford, the state capital, has a population of approximately 160,000 and is located in the center of the state. The economy is diversified and includes manufacturing of which a substantial portion is devoted to fabricated metals, aircraft, and machinery. Such national concerns as Royal typewriters, Pratt and Whitney, Kaman helicopters, Colt firearms, Fuller Brushes and Emhart glass help to provide employment for more than 113,000 workers. In addition, Hartford has long ranked as one of the major insurance centers of the nation.

The applicant bank competes with a number of other financial institutions in its service area, large and small, including some of Connecticut's largest commercial banks, savings and loan associations, credit unions, personal finance companies, insurance companies, direct lending agencies of the federal government and others.

The merging Tradesmens National Bank of New Haven, with IPC deposits of $21.9 million was organized in 1933. It operates its main office and two branches in New Haven and another branch in nearby Hamden.

New Haven, with a population of about 140,000, is located in the southwestern part of the state bordering on the Atlantic seaboard about 36 miles from Hartford. The economy of the area, like that of Hartford, is also well diversified. While manufacturing provides approximately one-third of the city's employment, service industries, of which the largest are Southern New England Telephone Company, United Illuminated Company, and Yale University employ nearly two-thirds of labor force.

Competing banks in New Haven include First New Haven National Bank, with total assets of $280.5 million; Second National Bank of New Haven, with total assets of $174.9 million; Union & New Haven Trust Company, with total assets of $135.9 million; and General Bank Trust Company, with total assets of $9.1 million. The merging bank ranks fourth of the five commercial banks headquartered in the city. Other financial institutions including savings and loan associations, three of which have assets in excess of $200 million, credit unions, personal finance companies, insurance companies also compete in the area.

Competition will not be adversely affected by the merger. Because the service areas of the two banks do not overlap, there is no competition between them and no alternative banking sources which will be eliminated. In New Haven the resulting institution will provide a more forceful competitive challenge than does the merging bank and competition will be stimulated without imbalancing the competitive structure in the resulting bank's favor although it will then be the largest in the area. No potential competition will be eliminated since under Connecticut law neither bank can branch into the service area of the other.

It is concluded that the merger will have no adverse competitive effect.

Dated: OCT 6 1969

GX-145

2/21

2/21/73

Banks Unveil Merger Plans

BY ROBERT F. MURPHY
Financial Editor

The long-expected move of a downstate bank into Hartford County came Tuesday with the announcement of a proposed merger of First Connecticut Bancorp Inc. into Northeast Bancorp Inc.

Northeast Bancorp owns Union Trust, a bank with executive headquarters in New Haven and Stamford, and the state's third largest commercial bank.

First Connecticut is the holding company of United Bank and Trust, Hartford, New Britain National Bank and Bancorp Bank and Trust.

The surviving corporation in the proposed merger would be Northeast Bancorp Inc. Thomas F. Richardson, president of Northeast, would be chairman and chief executive officer of the merged institutions, and Thomas J. Preble, president of First Connecticut, would be president.

The merged holding company also would have total assets of nearly $900 million, $671 million from Northeast and $228 million from First Connecticut.

Connecticut Bank and Trust, the state's largest commercial bank, is owned by a holding company, CBT Corp., which has assets in excess of $1 billion.

The second largest commercial bank, Hartford National Bank and Trust, is part of HNC Corp., a holding company with more than $1 billion in assets.

One area in which Northeast Bancorp would be the leader, if the merger is approved, would be the number of bank branches. It would have 71. Northeast would supply 39 and First Connecticut would supply 32, most of them belonging to United Bank and Trust.

Connecticut Bank and Trust has 72 branches, and Hartford National has 61.

For several years, Connecticut Bank and Trust and Hartford National have had an open field in expanding into New Haven and Fairfield counties.

Hartford bankers expected a downstate bank such as Union Trust to acquire someday a Hartford area bank, but the move announced Tuesday still came as a surprise.

The merger would be consummated through an exchange of stock on a share-for-share basis. Northeast has 1,637,500 shares outstanding and earned $1.60 per share in 1972. On Tuesday Northeast shares were trading over the counter at a bid of $20.50 a share and an asking price of $22.50.

First Connecticut has 771,300 shares outstanding and in 1972 earned $2.35 a share. On Tuesday, its shares closed at a bid of $22.50 a share and an asked of $23.50.

All directors of each bank holding company would serve on the board of the merged company.

See BANKS, Page 3, Col. 3

Banks Reveal Merger Plans

(Continued From Page 1)

ny. The proposal must be approved by regulatory agencies, notably the Federal Reserve Board, which regulates holding companies. Bank holding companies have become popular because they provide a bank with a vehicle for investing funds in areas usually off-limits for a bank. Moreover, a multi-bank holding company, which Northeast will become if it acquires First Connecticut, consolidates the funds of several banks, giving smaller banks easier access to large pools of funds.

Today's Chuckle

Public relations is the art of not trusting the public like relations.

HARTFORD COURANT

DX-1

COMPARISON OF ACTUAL SEPTEMBER 30, 1971 IPC DEMAND DEPOSITS WITH PRO FORMA IPC DEMAND DEPOSITS GIVING EFFECT TO THE DIVESTITURE OF THE ORANGE, MILFORD AND PERSHING DRIVE (ANSONIA) OFFICES.

THE CONNECTICUT NATIONAL BANK

1996

1996

	ACTUAL - SEPTEMBER 30, 1971				PRO FORMA			
	TOTALS				TOTALS			
EW HAVEN COUNTY	No. of Accounts	% of Total	$000	% of Total	No. of Accounts	% of Total	$000	% of Total
ANSONIA	1,486	1.4	902.2	0.6	280	0.3	102.8	0.1
BEACON FALLS	67	0.1	48.2	--	38	-	8.2	-
BETHANY	46	--	43.9	0.2	36	0.1	37.9	0.1
BRANFORD	32	--	27.8	--	15	-	20.5	-
CHESHIRE	100	0.1	80.5	--	94	0.1	77.7	-
DERBY	834	0.8	1,412.9	1.0	302	0.3	361.9	0.3
EAST HAVEN	39	--	88.5	0.1	16	-	84.6	0.1
GUILFORD	15	--	14.9	--	9	-	7.7	-
HAMDEN	103	0.1	70.4	--	64	-	42.0	-
HADISON	8	--	2.8	--	3	-	1.2	-
MERIDEN	12	--	16.0	--	9	-	15.9	-
MIDDLEBURY	168	0.2	156.6	0.1	162	0.2	155.8	0.1
MILFORD	4,862	4.8	5,541.7	3.9	1,276	1.3	1,147.8	0.9
NAUGATUCK	292	0.3	471.3	0.3	277	0.3	425.9	0.3
NEW HAVEN	285	0.3	705.0	0.5	143	0.1	387.6	0.4
NORTH BRANFORD	14	--	14.8	--	6	-	13.0	-
NORTH HAVEN	29	--	11.5	--	14	-	5.4	-
ORANGE	1,243	1.2	1,467.0	1.0	61	-	48.3	-
OXFORD								
PROSPECT	674	0.6	441.0	0.3	469	0.6	440.2	0.3
SEYMOUR	725	0.7	516.5	0.4	404	0.4	260.7	0.2
SOUTHBURY	951	0.9	1,236.5	0.9	945	0.9	1,232.0	0.9
WALLINGFORD	18	--	6.2	--	8	-	.4	-
WATERBURY	3,983	3.9	8,126.8	5.7	3,970	3.9	8,124.1	5.7
WEST HAVEN	675	0.6	403.8	0.3	132	0.1	69.5	-
WOLCOTT	728	0.7	504.1	0.4	724	0.7	503.3	0.4
WOODBRIDGE	108	0.1	179.2	0.1	35	-	92.0	0.1
W HAVEN COUNTY TAL	17,472	17.3	22,459.9	15.7	9,692	10.5	13,849.3	10.4

(1) Include with Seymour

1997

	ACTUAL - SEPTEMBER 30, 1971 TOTALS				PRO FORMA TOTALS			
	No. of Accounts	% of Total	$000	% of Total	No. of Accounts	% of Total	$000	% of Total
FAIRFIELD COUNTY								
BETHEL	1,008	1.0	707.5	0.5	1,008	1.1	707.5	0.5
BRIDGEPORT	20,378	20.1	43,364.0	30.5	20,255	21.8	43,773.1	32.5
BROOKFIELD	1,476	1.4	1,198.4	0.8	1,476	1.6	1,198.4	0.9
DANBURY	3,940	3.9	3,768.5	2.6	3,932	4.2	3,767.5	2.8
DARIEN	986	1.0	1,076.9	0.8	985	1.1	1,076.7	0.8
EASTON	808	0.8	937.2	0.7	805	0.9	933.5	0.7
FAIRFIELD	8,319	8.2	8,761.1	6.2	8,284	8.9	8,704.8	6.5
GREENWICH	178	0.2	189.3	0.1	177	0.2	187.5	0.1
HUNROE	2,630	2.6	1,929.9	1.4	2,617	2.8	1,925.9	1.4
NEW CANAAN	715	0.7	979.1	0.7	711	0.8	975.5	0.7
NEW FAIRFIELD[1]								
NORWALK	3,577	3.5	3,599.3	2.5	3,565	3.8	3,595.1	2.7
NORWALK	7,667	7.6	9,535.9	6.7	7,659	8.3	9,533.8	7.2
REDDING	476	0.5	305.5	0.2	474	0.5	304.9	0.2
RIDGEFIELD	1,127	1.1	1,222.9	0.9	1,127	1.2	1,222.9	0.9
SHELTON	5,355	5.3	5,665.3	4.0	5,124	5.5	5,529.2	4.2
SHERMAN	130	0.1	107.6	0.1	130	0.1	107.6	0.1
STAMFORD	4,138	4.1	4,057.6	2.8	4,134	4.4	4,054.3	3.1
STRATFORD	6,920	6.8	10,383.1	7.3	6,821	7.3	10,295.5	7.7
TRUMBULL	5,036	5.0	4,182.7	2.9	4,991	5.4	4,152.6	3.1
WESTON[2]								
WESTPORT	3,684	3.6	4,637.7	3.3	3,677	3.9	4,633.3	3.5
WILTON	314	0.3	332.7	0.2	313	0.3	328.6	0.2
FAIRFIELD COUNTY TOTAL	78,862	77.9	106,942.3	75.2	78,265	84.4	106,505.9	80.1

[1] Included in Danbury [2] Included in Westport

1998

OTHER CONNECTICUT	TOTALS No. of Accounts	% of Total	$000	% of Total	No. of Accounts	% of Total	$000	% of Total
ANDOVER								
ASHFORD								
AVON	7	--	4.2	--	7	--	4.2	--
BARKHAMSTED								
BERLIN	5	--	10.3	--	5	--	10.3	--
BETHLEHEM	42	--	39.3	--	42	--	39.3	--
BLOOMFIELD	2	--	5.9	--	2	--	5.9	--
BOLTON								
BOZRAH	1	--	0	--	1	--	0	--
BRIDGEWATER	39	--	20.9	--	39	--	20.9	--
BRISTOL	35	--	18.9	--	35	--	18.9	--
BROOKLYN	1	--	.9	--	1	--	.9	--
BURLINGTON								
CANAAN								
CANTERBURY								
CANTON	2	--	4.6	--	2	--	4.6	--
CHAPLIN	1	--	--	--	1	--	--	--
CHESTER								
CLINTON	17	--	9.5	--	11	--	3.2	--
COLCHESTER	2	--	.1	--	2	--	.1	--
COLEBROOK								
COLUMBIA								
CORNWALL	2	--	.6	--	2	--	.6	--
COVENTRY	2	--	.3	--	2	--	.3	--
CROMWELL	1	--	.5	--	1	--	.5	--
DEEP RIVER								
DURHAM	2	--	.1	--	1	--	.1	--

1999

	No. of Accounts	% of Total	$000	% of Total	No. of Accounts	% of Total	$000	% of Total
EASTFORD								
EAST GRANBY								
EAST HADDAM	5	--	2.4	--	2	--	2.4	--
EAST HAMPTON	2	--	1.5	--	2	--	1.5	--
EAST HARTFORD	10	--	236.7	0.2	10	--	236.7	0.2
EAST LYME	3	--	.2	--	3	--	.2	--
EAST WINDSOR								
ELLINGTON								
ENFIELD	1	--	.6	--	1	--	.6	--
ESSEX	3	--	--	--	3	--	--	--
FARMINGTON	5	--	.4	--	5	--	.4	--
FRANKLIN								
GLASTONBURY	1	--	.3	--				
GOSHEN	1	--	11.3	--	1	--	11.3	--
GRANBY	2	--	.7	--	2	--	.7	--
GRISWOLD								
GROTON	3	--	4.3	--	3	--	4.3	--
HADDAM								
HAMPTON								
HARTFORD	36	--	632.2	0.4	32	--	627.1	0.5
HARTLAND								
HARWINTON								
HEBRON	1	--	--	--	1	--	--	--
KENT	35	--	34.2	--	34	--	35.9	--
KILLINGLY								
KILLINGWORTH	7	--	1.6	--	7	--	1.6	--
LEBANON								
LEDYARD	3	--	.7	--	3	--	.7	--

2000

	TOTALS				TOTALS			
	No. of Accounts	% of Total	$000	% of Total	No. of Accounts	% of Total	$000	% of Total
.ISON								
.ITCHFIELD	26	--	10.7	--	24	--	9.3	--
.YME								
ANCHESTER	10	--	24.7	--	7	--	17.9	--
ANSFIELD	41	--	6.0	--	35	--	4.9	--
ARLBOROUGH								
IDDLEFIELD	1	--	--	--	1	--	--	--
IDDLETOWN	7	--	5.2	--	6	--	5.0	--
ONTVILLE	1	--	--	--	1	--	--	--
ORRIS	7	--	1.2	--	7	--	1.2	--
EW BRITAIN	23	--	74.3	--	23	--	74.3	--
EW HARTFORD	1	--	--	--	1	--	--	--
EWINGTON	5	--	1.2	--	4	--	1.2	--
EW LONDON	10	--	2.3	--	9	--	2.3	--
EW MILFORD	931	0.9	609.5	0.4	930	0.9	609.3	0.5
LK								
ORTH CANAAN								
ORTH STONINGTON	1	--	--	--	1	--	--	--
ORWICH	6	--	.1	--	6	--	.1	--
LD LYME	2	--	.1	--	2	--	.1	--
LD SAYBROOK	3	--	.2	--	2	--	.2	--
LAINFIELD								
LAINVILLE	6	--	88.7	0.1	5	--	41.7	--
LYMOUTH	28	--	15.5	--	27	--	15.5	--
OMFRET								
ORTLAND								
RESTON								

	ACTUAL - SEPTEMBER 30, 1971 TOTALS				PRO FORMA TOTALS			
	No. of Accounts	% of Total	$000	% of Total	No. of Accounts	% of Total	$000	% of Total
PUTNAM								
ROCKY HILL	3	--	2.7	--	3	--	2.7	--
ROXBURY	47	--	66.1	--	47	--	66.1	--
SALEM								
SALISBURY	5	--	.4	--	5	--	.4	--
SCOTLAND								
SHARON	3	--	1.6	--	3	--	1.6	--
SIMSBURY	2	--	.5	--	2	--	.5	--
SOMERS	1	--	3.2	--	1	--	3.2	--
SOUTHINGTON	34	--	103.1	0.1	34	--	103.1	0.1
SOUTH WINDSOR	2	--	.1	--	2	--	.1	--
SPRAGUE								
STAFFORD	2	--	.3	--	2	--	.3	--
STERLING								
STONINGTON	2	--	1.2	--	2	--	1.2	--
SUFFIELD	1	--	--	--	1	--	--	--
THOMASTON	26	--	12.8	--	26	--	12.8	--
THOMPSON								
TOLLAND	1	--	.1	--				
TORRINGTON	9	--	.5	--	9	--	.5	--
UNION								
VERNON	1	--	.3	--	1	--	.3	--
VOLUNTOWN								
WARREN	8	--	1.7	--	8	--	1.7	--
WASHINGTON	45	--	22.7	--	45	--	22.7	--
WATERFORD								
WATERTOWN	258	0.2	280.1	0.2	257	0.2	280.1	0.2

	ACTUAL - SEPTEMBER 30, 1971 TOTALS				PRO FORMA TOTALS			
	No. of Accounts	% of Total	$000	% of Total	No. of Accounts	% of Total	$000	% of Total
WESTBROOK	3	--	.1	--	2	--	.1	--
WEST HARTFORD	9	--	22.9	--	8	--	22.3	--
WETHERSFIELD	8	--	11.8	--	6	--	3.2	--
WILLINGTON	4	--	.8	--	4	--	.8	--
WINCHESTER	4	--	1.4	--	4	--	1.4	--
WINDHAM	14	--	16.8	--	12	--	15.8	--
WINDSOR LOCKS	2	--	1.8	--	2	--	1.8	--
WINDSOR	3	--	3.2	--	2	--	2.1	--
WOODBURY	213	0.2	145.4	0.1	211	0.2	145.3	0.1
WOODSTOCK	2	--	.3	--	2	--	.3	--
ER CONNECTICUT OTALS	2,097	2.1	2,585.6	1.8	2,054	2.2	2,504.9	1.9
NECTICUT TOTAL	98,431	97.2	132,017.8	92.4	90,011	97.1	122,860.1	92.4
SSACHUSETTS	303	0.3	1,212.7	0.8	279	0.3	920.1	0.7
TROPOLITAN N.Y.C.	825	0.8	6,054.7	4.4				
ER NEW YORK	203	0.2	249.9	0.2	997	1.1	6,142.2	4.6
DE ISLAND	38	--	14.2	--	37	--	13.6	--
L OTHER LOCATIONS	1,465	1.5	2,698.5	2.2	1,368	1.5	3,033.8	2.3
TOTALS	101,265	100.0	142,247.8	100.0	92,692	100.0	132,969.8	100.0

EX-2

Deposits in Ansonia, Derby, Milford And Orange
(0000 Omitted)

As of 6/29/72

Town	Bank (No. of Offices)		% of Total	Post-Merger After Divestiture As of 6/29/72 Bank		% of Total
Ansonia	Connecticut National Bank (2)	($ 6,611)[1]	($ 6.92)[1]	Divestee Bank A	$ 6,611	6.92
	State National Bank (1)	3,048	3.19	State National Bank	3,048	3.19
	Union Trust Co. (1)	10,999	11.49	Union Trust Co.	10,999	11.49
				(Consolidated Bank-Pro Forma)	(1,132)[2]	(-)[2]
Derby	First New Haven National Bank (1)	2,466	2.51	Divestee Bank (Connecticut Bank & Trust Co.)	2,466	2.51
	Orange National Bank (1)	411	.43	Orange National Bank	411	.43
	Second National Bank of New Haven (1)	12,796	13.37	Second National Bank of New Haven (Consolidated Bank-Pro Forma)	12,796 (-0-)	13.37
Milford	City Trust Co. (1)	3,010	3.14	City Trust Co.	3,010	3.14
	Connecticut Bank & Trust Co. (1)	( )[2]	(-)[2]	Connecticut Bank & Trust Co.	( )[2]	(-)[2]
	Connecticut National Bank (1)	6,112	6.40	Divestee Bank (Hartford National Bank & Trust Co.)	6,112	6.40
	First New Haven National Bank of New Haven (3)	38,695	39.85	(See Consolidated Bank)		
	(A) Milford	(20,109)	(21.01)			
	(ii) Devon	(5,225)	(5.45)	Divestee Bank B	5,225	5.45
	(iii) Post Road	(3,490)	(3.64)	Divestee Bank C	3,490	3.64
	Second National Bank of New Haven	2,221	2.32	Second National Bank of New Haven	2,221	2.32
	State National Bank	1,189	1.23	State National Bank (Consolidated Bank-Pro Forma)	1,189 (20,109)	1.23 (21.01)
Orange	First New Haven National Bank (1)	6,772	7.08			
	Orange National Bank (1)	5,995	6.26	Orange National Bank	5,995(1)	6.26
	Connecticut National Bank (1)	5,998	6.19	Divestee Bank D (Consolidated Bank-Pro Forma)	5,998 (6,772)	6.19 (7.08)
Total		95,799	100		95,799	100
	First New Haven National Bank (5)	37,197	38.86			
	Connecticut National Bank (3)	18,693	19.49			
	(Consolidated Bank-Pro Forma)	(55,890)	(58.35)	(Consolidated Bank-Pro Forma)	(36,881)	(38.49)
	Second National Bank of New Haven	15,017	15.69	Second National Bank of New Haven	15,017	15.69
				Union Trust Co.	10,999	11.48
Total Three Largest		70,667	73.84		38,893	38.83

Totals may not add due to rounding.
1. Does not include CBD office opened 12/11/72.
2. June 30, 1972 deposits (not included in totals)

2008

DX-3

CONNECTICUT NATIONAL BANK IPC DEMAND DEPOSITS
FROM FIRST NEW HAVEN NATIONAL BANK OFFICE TOWNS

TOWN	ACTUAL - SEPTEMBER 30, 1971				PRO FORMA, GIVING EFFECT TO THE DIVESTITURE OF THE ORANGE, MILFORD AND PERSHING DRIVE (ANSONIA) OFFICES.			
	No. of Accounts	% of Total	$000	% of Total	No. of Accounts	% of Total	$000	% of Total
BRANFORD	32	--	27.8	--	15	--	20.5	--
DERBY	834	0.8	1,412.9	1.0				
EAST HAVEN	39	--	88.5	0.1	16	--	84.6	8:1
GUILFORD	15	--	14.9	--	9	--	7.7	--
HAMDEN	103	0.1	70.4	--	64	--	42.0	--
MILFORD	4,862	4.8	5,541.7	3.5	1,276	1.3	1,147.8	0.9
NEW HAVEN	285	0.4	705.0	0.3	143	0.1	587.6	0.4
ORANGE	1,243	1.2	1,467.0	1.0	61	--	40.3	--
WALLINGFORD	18	--	6.2	--	8	--	.4	--
WEST HAVEN	675	0.6	403.8	0.3	152	0.1	69.5	--
	#8,106	8.0%	$9,738.2	6.8%	#1,724	1.9%	$2,000.4	1.5%

BR-8

NUMBER OF BANKING ALTERNATIVES - 1955 COMPARED TO 1971 (source: Annual Reports of the State Bank Comm.)

FAIRFIELD COUNTY	December 31, 1955			December 31, 1971		
	Comm'l Banks	Savings Banks	Total	Comm'l Banks	Savings Banks	Total
BETHEL	1	0	1	2	1	3
BRIDGEPORT	3	3	6	5	3	8
BROOKFIELD	0	0	0	3	1	4
DANBURY	2	2	4	6	2	8
DARIEN	2	0	2	5	1	6
EASTON	0	0	0	0	0	0
FAIRFIELD	3	1	4	6	3	9
GREENWICH	4	0	4	3	2	5
MONROE	0	0	0	1	2	3
NEW CANAAN	1	1	2	3	1	4
NEW FAIRFIELD	0	0	0	1	1	2
NEWTOWN	1	1	2	2	1	3
NORWALK	4	3	7	5	3	8
REDDING	0	0	0	1	1	2
RIDGEFIELD	1	1	2	3	1	4
SHELTON	1	0	1	2	1	3
SHERMAN	0	0	0	0	0	0
STAMFORD	4	2	6	6	2	8
STRATFORD	1	2	3	4	3	7
TRUMBULL	0	0	0	3	3	6
WESTON	1	0	1	1	0	1
WESTPORT	2	0	2	3	2	5
WILTON	1	0	1	3	1	4

FAIRFIELD COUNTY (23 Towns):

Increases	20
No Change	3
Decreases	0
	23

NEW HAVEN COUNTY	December 31, 1955			December 31, 1972		
	Comm'l Banks	Savings Banks	Total	Comm'l Banks	Savings Banks	Total
ANSONIA	1	1	2	3	1	4
BEACON FALLS	0	0	0	0	0	0
BEKHART	0	0	0	0	0	0
BRADFORD	1	1	2	3	1	4
CHESHIRE	1	0	1	3	1	4
DERBY	2	1	3	3	1	4
EAST HAVEN	1	0	1	3	1	4
GUILFORD	1	1	2	3	1	4
HAMDEN	2	2	4	6	3	9
MADISON	1	0	1	2	1	3
MERIDEN	4	2	6	5	2	7
MIDDLEBURY	0	0	0	1	0	1
MILFORD	1	1	2	6	1	7
NAUGATUCK	1	1	2	3	1	4
NEW HAVEN	7	3	10	5	3	8
NORTH BRANFORD	0	0	0	1	1	2
NORTH HAVEN	0	1	1	3	2	5
ORANGE	0	0	0	3	2	5
OXFORD	0	0	0	1	0	1
PROSPECT	0	0	0	2	1	3
SEYMOUR	1	0	1	1	1	2
SOUTHBURY	0	0	0	2	2	4
WALLINGFORD	2	1	3	6	1	7
WATERBURY	4	1	5	4	1	5
WEST HAVEN	1	2	3	4	2	6
WOLCOTT	0	0	0	2	1	3
WOODBRIDGE	0	0	0	1	0	1

NEW HAVEN COUNTY (27 Towns):	Increases	25
	No Change	1
	Decreases	1
		27

OTHER CONNECTICUT	December 31, 1955			December 31, 1971		
	Comm'l Banks	Savings Banks	Total	Comm'l Banks	Savings Banks	Total
ANDOVER	0	0	0	0	0	0
ASHFORD	0	0	0	0	0	0
AVON	0	0	0	2	2	4
BARKHAMSTED	0	0	0	0	0	0
BERLIN	1	1	2	2	1	3
BETHLEHEM	0	0	0	0	0	0
BLOOMFIELD	0	0	0	3	2	5
BOLTON	0	0	0	0	1	1
BOZRAH	0	0	0	0	0	0
BRIDGEWATER	0	0	0	1	0	1
BRISTOL	2	1	3	2	1	3
BROOKLYN	0	0	0	1	0	1
BURLINGTON	0	0	0	0	0	0
CANAAN	2	1	3	1	1	2
CANTERBURY	0	0	0	0	0	0
CANTON	0	1	1	1	1	2
CHAPLIN	0	0	0	0	0	0
CHESTER	1	1	2	1	1	2
CLINTON	1	0	1	1	1	2
COLCHESTER	1	0	1	1	1	2
COLEBROOK	0	0	0	0	0	0
COLUMBIA	0	0	0	0	0	0
CORNWALL	0	0	0	1	0	1
COVENTRY	0	0	0	0	0	0
CROMWELL	0	1	1	1	1	2
DEEP RIVER	1	1	2	1	1	2
DURHAM	0	0	0	1	0	1
EASTFORD	0	0	0	0	0	0
EAST GRANBY	0	0	0	0	0	0
EAST HADDAM	1	1	2	1	1	2
EAST HAMPTON	1	0	1	1	0	1
EAST HARTFORD	1	1	2	4	2	6
EAST LYME	1	0	1	1	0	1
EAST WINDSOR	1	0	1	3	0	3
ELLINGTON	0	0	0	1	1	2
ENFIELD	3	0	3	4	3	7

OTHER CONNECTICUT	December 31, 1955 Comm'l Banks	Savings Banks	Total	December 31, 1971 Comm'l Banks	Savings Banks	Total
ESSEX	2	1	3	3	1	4
FARMINGTON	0	1	1	2	1	3
FRANKLIN	0	0	0	0	0	0
GLASTONBURY	1	0	1	2	1	3
GOSHEN	0	0	0	0	0	0
GRANBY	0	0	0	1	1	2
GRISWOLD	1	1	2	1	1	2
GROTON	2	1	3	2	1	3
HADDAM	0	0	0	1	1	2
HAMPTON	0	0	0	0	0	0
HARTFORD	4	4	8	6	3	9
HARTLAND	0	0	0	0	0	0
HARWINTON	0	0	0	1	0	1
HEBRON	0	0	0	1	0	1
KENT	0	0	0	1	1	2
KILLINGLY	1	1	2	2	1	3
KILLINGSWORTH	0	0	0	1	0	1
LEBANON	0	0	0	0	0	0
LEDYARD	0	0	0	1	1	2
LISBON	0	0	0	0	0	0
LITCHFIELD	1	1	2	1	1	2
LYME	0	0	0	0	0	0
MANCHESTER	2	1	3	3	1	4
MANSFIELD	6	0	0	2	1	3
MARLBOROUGH	0	0	0	1	0	1
MIDDLEFIELD	0	0	0	1	0	1
MIDDLETOWN	2	3	5	4	3	7
MONTVILLE	0	0	0	1	0	1
MORRIS	0	0	0	0	0	0
NEW BRITAIN	2	3	5	2	3	5
NEW HARTFORD	1	0	1	1	1	2
NEWINGTON	1	0	1	4	2	6
NEW LONDON	3	1	4	3	1	4
NEW MILFORD	1	1	2	4	1	5
NORFOLK	0	1	1	1	0	1

OTHER CONNECTICUT	December 31, 1955			December 31, 1971		
	Comm'l Banks	Savings Banks	Total	Comm'l Banks	Savings Banks	Total
NORTH CANAAN	0	0	0	1	1	2
NORTH STONINGTON	0	0	0	0	0	0
NORWICH	2	3	5	2	3	5
OLD LYME	0	0	0	1	1	2
OLD SAYBROOK	1	0	1	2	2	4
PLAINFIELD	1	0	1	2	0	2
PLAINVILLE	1	1	2	1	2	3
PLYMOUTH	1	0	1	1	1	2
POMFRET	0	0	0	0	0	0
PORTLAND	1	0	1	1	1	2
PRESTON	0	0	0	0	0	0
PUTNAM	2	1	3	2	1	3
ROCKY HILL	0	0	0	1	1	2
ROXBURY	0	0	0	0	0	0
SALEM	0	0	0	0	0	0
SALISBURY	1	0	1	1	0	1
SCOTLAND	0	0	0	0	0	0
SHARON	1	0	1	1	1	2
SIMSBURY	1	0	1	1	2	3
SOMERS	1	0	1	1	1	2
SOUTHINGTON	1	1	2	2	1	3
SOUTH WINDSOR	0	0	0	1	2	3
SPRAGUE	0	0	0	0	0	0
STAFFORD	1	1	2	1	1	2
STERLING	0	0	0	0	0	0
STONINGTON	1	0	1	1	1	2
SUFFIELD	1	1	2	1	1	2
THOMASTON	1	1	2	1	1	2
THOMPSON	1	0	1	2	0	2
TOLLAND	0	1	1	0	1	1
TORRINGTON	2	1	3	3	1	4
UNION	0	0	0	0	0	0
VERNON	1	2	3	2	2	4
VOLUNTOWN	0	0	0	0	0	0
WARREN	0	0	0	0	0	0

OTHER CONNECTICUT	December 31, 1955 Comm'l Banks	Savings Banks	Total	December 31, 1971 Comm'l Banks	Savings Banks	Total
WASHINGTON	1	1	2	2	1	3
WATERFORD	0	0	0	2	2	4
WATERTOWN	1	1	2	3	2	5
WESTBROOK	0	0	0	1	0	1
WEST HARTFORD	2	1	3	6	4	10
WETHERSFIELD	1	0	1	3	2	5
WILLINGTON	0	0	0	0	0	0
WINCHESTER	1	2	3	2	2	4
WINDHAM	2	1	3	2	1	3
WINDSOR LOCKS	1	0	1	1	1	2
WINDSOR	1	0	1	3	2	5
WOODBURY	1	1	2	2	1	3
WOODSTOCK	0	0	0	0	0	0

OTHER CONNECTICUT (119 Towns):	Increases	64
	No Change	54
	Decreases	1
		119
TOTAL CONNECTICUT (169 Towns):	Increases	107
	No Change	60
	Decreases	2
		169

DX-5

FIRST NEW HAVEN NATIONAL BANK
(As of September 30, 1971)

	Actual Passbook Data				Geographic Distribution of IPC Demand Deposits Giving Effect to Divestiture of Derby, Devon & Post Center Offices			
NEW HAVEN COUNTY	# of Accts	% of Total	$	% of Total	# of Accts	% of Total	$	% of Total
ANSONIA	836	.84	390,916	.37	149	.35	94,196	.08
BEACON FALLS	20	.04	4,204	-	10	.02	1,372	-
BETHANY	262	.39	334,855	.26	249	.43	325,634	.27
BRANFORD	4,752	7.35	6,418,468	5.26	4,689	7.99	6,487,762	5.31
CHESHIRE	388	.61	897,740	.72	384	.66	897,347	.74
DERBY	495	.83	724,589	.58	88	.15	212,162	.17
EAST HAVEN	3,434	5.71	3,989,533	3.24	3,448	6.23	3,994,884	3.41
GUILFORD	1,188	1.81	988,873	.73	1,177	2.01	984,185	.75
HAMDEN	4,845	7.50	8,488,388	6.97	3,918	6.22	8,657,552	7.10
MADISON	512	.89	384,912	.31	388	.85	388,498	.32
MERIDEN	338	.58	93,481	.07	113	.19	90,738	.08
MILFORD	31	.02	25,798	.07	18	.03	29,798	.02
NEW HAVEN	8,347	13.03	12,844,752	10.15	5,349	9.16	10,778,112	8.85
NORTH BRANFORD	32	.05	7,224	.01	24	.04	8,816	.01
NORTH HAVEN	18,151	28.32	55,888,384	44.86	18,939	32.73	57,810,897	46.33
NORTH HAVEN	680	.94	447,929	.36	593	1.01	446,994	.37
NORTH HAVEN	1,369	1.98	2,932,464	2.39	1,253	2.14	2,944,828	2.44
ORANGE	1,966	3.07	3,899,174	3.47	1,888	3.09	3,963,331	3.46
OXFORD	43	.07	34,388	.04	17	.03	8,344	-
PROSPECT	38	.04	34,754	.01	21	.04	34,451	.01
SEYMOUR	153	.24	93,663	.04	57	.10	38,479	.01
SOUTHBURY	32	.05	38,331	.03	28	.05	38,142	.03
WALLINGFORD	711	1.11	553,525	.44	696	1.19	551,991	.44
WATERBURY	28	.04	128,857	.10	34	.06	128,126	.11
WEST HAVEN	8,931	13.94	10,005,972	8.04	8,784	14.83	9,910,381	8.23
WOLCOTT	4	.01	3,033	-	4	.01	3,033	-
WOODBRIDGE	744	1.19	1,681,129	1.39	744	1.27	1,896,473	1.33
TOTAL	57,759	90.13	$109,036,653	87.54	53,216	90.21	106,071,301	88.04

2011

FAIRFIELD COUNTY	Actual Rockville Data				Geographic Distribution of IPC Insured Deposits Giving Effect to Divestiture of Derby, Devon & Post Center Offices			
	# of Accts	% of Total	$	% of Total	# of Accts	% of Total	$	% of Total
BETHEL	7	.01	91,015	.07	7	.01	91,015	.07
BRIDGEPORT	214	.34	450,963	.39	154	.27	450,579	.33
BROOKFIELD	2	-	911	-	1	-	769	-
DARIEN	5	.01	1,315	-	5	.01	1,315	-
DANBURY	8	.02	4,557	-	8	.01	4,557	-
EASTON	15	.02	22,521	.02	14	.02	21,489	.02
FAIRFIELD	63	.10	77,949	.06	60	.07	64,747	.05
GREENWICH	21	.03	35,700	.03	20	.03	38,290	.03
NEWARK	19	.03	11,552	.01	11	.01	7,174	.01
NEW CANAAN	9	.02	13,304	.01	9	.01	12,804	.01
NEW FAIRFIELD	1	-	72	-	1	-	72	-
NEWTOWN	15	.02	6,648	.01	12	.02	6,291	.01
NORWALK	20	.03	14,482	.01	19	.03	14,134	.01
REDDING	4	.01	4,492	-	4	.01	4,492	-
RIDGEFIELD	4	.01	8,987	.01	4	.01	8,987	.01
SHELTON	332	.53	269,994	.23	96	.17	175,906	.15
SHERMAN	-	-	-	-	-	-	-	-
STAMFORD	31	.03	58,275	.05	18	.02	48,803	.04
STRATFORD	182	.29	305,397	.17	89	.15	232,804	.13
TRUMBULL	68	.09	107,164	.09	45	.08	93,851	.07
WESTON	3	-	2,351	-	3	-	2,351	-
WESTPORT	25	.04	175,745	.15	20	.03	172,385	.14
WILTON	4	.01	4,504	-	4	.01	4,414	-
TOTAL	1,036	1.62	1,630,718	1.31	580	.98	1,344,870	1.11

	Actual Bankwide Data				Geographic Distribution of IPC Demand Deposits Giving Effect to Divestiture of Derby, Devon & Post Center Offices			
BEST OF CONNECTICUT	# of Accts	% of Total	$	% of Total	# of Accts	% of Total	$	% of Total
ANDOVER	1	-	80	-	1	-	80	-
ASHFORD					-	-	-	-
AVON	1	-	940	-	1	-	940	-
BARKHAMSTED					-	-	-	-
BERLIN	7	.01	35,208	.03	7	.01	35,208	.03
BETHLEHEM	1	-	825	-	1	-	825	-
BLOOMFIELD	2	-	489	-	3	.01	430	-
BOLTON					-	-	-	-
BOZRAH					-	-	-	-
BRIDGEWATER					-	-	-	-
BRISTOL	6	.01	12,726	.01	6	.01	12,726	.01
BROOKLYN	1	-	3,217	-	1	-	3,217	-
BURLINGTON	1	-	0	-	1	-	-	-
CANAAN	3	-	3,071	-	3	.01	3,071	-
CANTERBURY					-	-	-	-
CANTON	1	-	83	-	1	-	83	-
CHAPLIN					-	-	-	-
CHESTER	3	-	1,416	-	2	-	1,415	-
CLINTON	239	.37	120,494	.10	231	.49	114,813	.10
COLCHESTER	2	-	281	-	2	-	281	-
COLEBROOK					-	-	-	-
COLUMBIA					-	-	-	-
CORNWALL	5	.01	2,706	-	5	.01	2,706	-
COVENTRY	1	-	440	-	-	-	-	-
CROMWELL	4	.01	1,770	-	4	.01	1,770	-
DEEP RIVER	15	.02	8,951	.01	6	.01	3,903	-
DURHAM	20	.04	25,833	.02	20	.05	21,033	.02
EASTFORD	1	-	632	-	1	-	632	-
EAST GRANBY	1	-	594	-	1	-	594	-
EAST HADDAM	3	-	7,339	.01	2	-	5,207	.01
EAST HAMPTON	1	-	265	-	1	-	265	-
EAST HARTFORD	4	.01	185,866	.15	4	.01	185,866	.15
EAST LYME	8	.01	4,300	-	8	.01	4,300	.01

2013

REST OF CONNECTICUT	Actual Bankwide Data				Geographic Distribution of IPC Demand Deposits Giving Effect to Divestiture of Derby, Devon & Post Center Offices			
	# of Accts	% of Total	$	% of Total	# of Accts	% of Total	$	% of Total
EAST WINDSOR	2	-	7,012	.01	2	-	1,574	-
ELLINGTON					-	-	-	-
ENFIELD	3	-	445	-	3	.01	445	-
ESSEX	10	.02	5,230	-	10	.02	5,230	.01
FARMINGTON	8	.01	3,028	-	8	.01	3,028	-
FRANKLIN					-	-	-	-
GLASTONBURY	5	.01	9,693	-	4	.01	8,162	.01
GOSHEN	1	-	347	-	1	-	347	-
GRANBY					-	-	-	-
GRISWOLD	1	-	138	-	-	-	-	-
GROTON	1	-	184	-	1	-	184	-
HADDAM	3	-	7,588	.01	6	.01	4,506	-
HAMPTON					-	-	-	-
HARTFORD	51	.08	505,958	.41	40	.07	437,568	.34
HARTLAND					-	-	-	-
HARWINGTON					-	-	-	-
HEBRON					-	-	-	-
KENT	4	.01	869	-	4	.01	869	-
KILLINGLY	1	-	436	-	-	-	-	-
KILLINGWORTH	63	.10	265,532	.21	63	.11	265,532	.21
LEBANON					-	-	-	-
LEDYARD	1	-	509	-	1	-	509	-
LISBON	1	-	0	-	-	-	-	-
LITCHFIELD	4	.01	2,294	-	4	.01	2,294	-
LYME					-	-	-	-
MANCHESTER	4	.01	13,119	.01	4	.01	13,119	.01
MANSFIELD	8	.01	2,981	-	13	.02	3,134	-
MARLBOROUGH					-	-	-	-
MIDDLEFIELD	8	.01	6,018	-	8	.01	6,018	.01
MIDDLETOWN	34	.04	12,496	.01	33	.04	12,174	.01
MONTVILLE					-	-	-	-
MORRIS					-	-	-	-
NEW BRITAIN	16	.02	18,772	.02	16	.03	18,772	.02
NEW HARTFORD	3	-	4,830	-	7	.01	4,830	-

DEPT OF CONNECTICUT	Actual Bankside Data				Geographic Distribution of IPC Demand Deposits Giving Effect to Divestiture of Derby, Devon & Post Center Offices			
	# of Accts	% of Total	$	% of Total	# of Accts	% of Total	$	% of Total
KENSINGTON	8	.01	11,077	.01	7	.01	7,139	.01
NEW LONDON	8	.01	7,687	.01	8	.01	7,687	.01
NEW MILFORD	2	-	775	-	2	-	775	-
NORFOLK					-	-	-	-
NORTH CANAAN					-	-	-	-
NORTH STONINGTON	1	-	7,192	.01	1	-	7,192	.01
NORWICH	7	.01	7,974	.01	6	.01	7,822	.01
OLD LYME	23	.02	29,130	.02	23	.02	29,130	.02
OLD SAYBROOK	19	.03	23,414	.01	19	.04	23,414	.01
PLAINFIELD	2	-	724	-	2	-	724	-
PLAINVILLE	2	-	879	-	1	-	720	-
PLYMOUTH	1	-	187	-	-	-	-	-
POMFRET					-	-	-	-
PORTLAND	1	-	35	-	-	-	-	-
PRESTON					-	-	-	-
PUTNAM					-	-	-	-
ROCKY HILL	3	-	4,598	-	3	.01	4,598	-
ROXBURY					-	-	-	-
SALEM					-	-	-	-
SALISBURY	2	-	989	-	2	-	989	-
SCOTLAND					-	-	-	-
SHARON					-	-	-	-
SIMSBURY	6	.01	2,834	-	6	.01	2,834	-
SOMERS					-	-	-	-
SOUTHINGTON	21	.03	10,170	.01	21	.04	10,170	.01
SOUTH WINDSOR	3	-	6,778	.01	3	.01	6,778	.01
SPRAGUE					-	-	-	-
STAFFORD	1	-	655	-	1	-	655	-
STERLING					-	-	-	-
STONINGTON	4	.01	105,547	.09	3	.01	99,315	.08
SUFFIELD					-	-	-	-
THOMASTON					-	-	-	-
THOMPSON					-	-	-	-

	Actual Bankvide Data				Geographic Distribution of IPC Demand Deposits Giving Effect to Divestiture of Derby, Huron & Post Center Offices			
REST OF CONNECTICUT	# of Accts	% of Total	$	% of Total	# of Accts	% of Total	$	% of Total
TOLLAND	1	-	347	-	1	-	347	-
TORRINGTON	2	-	11,535	.01	2	-	11,535	.01
UNION					-	-	-	-
VERNON	3	-	8,682	.01	3	.01	8,682	.01
VOLUNTOWN	1	-	5	-	1	-	5	-
WARREN					-	-	-	-
WASHINGTON	7	.01	17,372	.01	7	.01	17,372	.01
WATERFORD	2	-	4,585	-	2	-	4,585	-
WATERTOWN	2	-	1,304	-	2	-	786	-
WESTBROOK	28	.04	11,253	.01	26	.05	10,345	.01
WEST HARTFORD	18	.03	30,303	.03	18	.03	30,303	.03
WETHERSFIELD	5	.01	614	-	5	.01	614	-
WILLINGTON	2	-	275	-	1	-	103	-
WINCHESTER	2	-	276	-	2	-	276	-
WINDHAM	2	-	2,520	-	2	-	2,520	-
WINDSOR	6	.01	68,585	.06	5	.01	68,585	.06
WINDSOR LOCKS	2	-	27,213	.03	2	-	27,213	.03
WOODBURY	9	.01	3,674	-	9	.02	3,674	-
WOODSTOCK	2	-	3,298	-	2	-	3,298	-
TOTAL REST OF CONN.	761	1.19	$1,675,317	1.35	733	1.23	1,573,441	1.30
Total Connecticut	59,556	92.93	112,386,688	90.22	54,518	93.04	$108,989,012	90.46
Massachusetts	188	.29	765,578	.61	175	.30	$ 718,325	.60
New York	363	.57	4,350,093	3.41	326	.56	$ 3,787,754	3.14
Rhode Island	27	.04	175,915	.14	24	.04	$ 173,515	.14
All Other	3,955	6.17	7,900,944	5.62	3,553	6.06	$ 6,814,262	5.66
GRAND TOTAL	64,089	100%*	$124,579,110	100%	58,596	100%	$120,482,868	100%

* Adjusted to actual total - Variance due to rounding

DX-6

FIRST NEW HAVEN NATIONAL BANK

IPC DEMAND DEPOSITS FROM CONNECTICUT NATIONAL BANK OFFICE TOWNS

(As of September 30, 1971)

Towns	Actual				Pro Forma - Giving Effect to Divestiture of Derby, Devon and Post Center and CNB Orange and Milford Branches			
	No. of Accounts	% of Total	$000	% of Total	No. of Accounts	% of Total	$000	% of Total
New Haven County								
Ansonia	536	.84	200.9	.17	149	.25	54.2	.05
Milford	8,347	13.03	12,644.8	10.16				
Orange	1,966	3.07	3,080.2	2.47				
Prospect	28	.04	14.8	.01	25	.04	14.5	.01
Southbury	32	.05	39.3	.03	28	.05	38.1	.03
Waterbury	38	.06	128.9	.10	36	.06	128.1	.11
Wolcott	4	.01	3.0	-	4	.01	3.0	-
Fairfield County								
Bethel	7	.01	91.0	.07	7	.01	91.0	.08
Bridgeport	216	.34	490.9	.39	154	.27	450.6	.37
Brookfield	2	-	.9	-	1	-	.8	-
Darien	5	.01	1.3	-	5	.01	1.3	-
Danbury	8	.02	4.6	-	8	.01	4.6	-
Fairfield	63	.10	77.9	.06	40	.07	64.7	.05
Monroe	19	.03	11.6	.01	11	.02	7.2	.01
New Canaan	9	.02	13.2	.01	8	.01	12.9	.01
New Fairfield	1	-	.1	-	1	-	.1	-
Newtown	15	.02	6.6	.01	12	.02	6.3	.01
Norwalk	20	.03	14.5	.01	18	.03	14.1	.01
Ridgefield	4	.01	8.1	.01	4	.01	8.1	.01
Shelton	332	.52	290.0	.23	98	.17	175.8	.15
Stamford	21	.03	58.3	.05	14	.02	48.8	.04
Stratford	182	.28	209.4	.17	89	.15	132.6	.11
Trumbull	60	.09	107.2	.09	45	.08	83.9	.07
Westport	25	.04	175.7	.15	20	.03	173.4	.14
Rest of Connecticut Towns								
New Milford	2	-	.8	-	2	-	.8	-
TOTALS	11,942	18.63	17,673.7	14.19	779	1.32	1,514.8	1.26

Totals may not add due to rounding.

2016

2017

DX-7

CONNECTICUT STATE BANKING DEPARTMENT
REQUEST TO BANKING COMMISSION FOR AUTHORITY TO ORGANIZE AND ESTABLISH A CORPORATION TO ENGAGE IN THE BUSINESS OF BANKING AS PROVIDED UNDER THE PROVISIONS OF SECTION 36-53 OF THE CONNECTICUT GENERAL STATUTES

(In triplicate)

Filed by _____
(Name of Bank)

Date of filing _____

To The Members of The Banking Commission:

Application is hereby made for the written consent of the Banking Commission to the proposed organization of a state bank and trust company to engage in the business of banking at _____
(Proposed street location of bank)
in the city, or town of _____

such bank to be known as _____

This proposed bank is not to be organized for the purpose of selling to, merging or consolidating with any state bank and trust company or national bank now in existence.

This application is accompanied with three copies of the Articles of Incorporation required under the provisions of Section 36-53(3) of the General Statutes.

Financial statements in triplicate are submitted herewith for each organizer, along with biographical sketches, also in triplicate.

Also submitted herewith are three copies of a feasibility study in support of this application.

Organizers

SIGNED _____ _____

_____ _____

_____ _____

_____ _____

_____ _____

(Signatures on application must be identical to those appearing on the Articles of Incorporation).

NOTE—In answering questions contained in this application, use blank pages if additional space is needed.

DX-8

Deposit Concentration Ratio Trends - Ten Largest Connecticut Commercial Banks

Year-End	Top 2	Top 4	Top 6	Top 8	Top 10
1950	23.7	36.8	47.3	53.0	57.9
1955	35.9	47.8	55.4	60.5	64.6
1959	34.5	49.4	61.3	70.3	75.8
1964	35.2	49.9	62.5	71.8	78.4
1970	39.2	55.2	66.6	76.2	82.9

Deposit Concentration Ratio Trends - Ten Largest Connecticut Banks (Includes Savings Banks)

Year-End	Top 2	Top 4	Top 6	Top 8	Top 10
1950	12.3	20.4	27.3	32.9	38.5
1955	19.1	28.3	35.1	40.6	45.5
1959	17.0	27.2	34.5	41.1	46.8
1964	16.8	27.7	34.7	41.1	47.0
1970	19.6	31.7	39.7	45.8	50.8

Sources: Polk's World Bank Directory, March '51, '56, '60, '65, '71
Annual Report, Bank Commissioner, State of Conn.
'50, '55, '59, '64, 70
Individual Bank Statements Before 1960

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Deposit Concentration Ratio Trends for all Connecticut Banks

Year-End	Two Largest Hartford Commercial Banks	Two Largest Savings Banks	Next Four Largest Banks	Consolidated Bank Share of All Banks
1955	19.1	9.3	12.2	7.3
1959	17.0	10.1	13.9	6.8
1964	16.8	10.9	13.4	6.0
1970	19.6	12.1	14.1	5.9

Year-End	Largest Four	Largest Eight	Contribution of Largest Two Savings Banks to Increase	Contribution of Largest Two Commercial Banks to Increase	Contribution of Next Four Banks to Increase
1955	28.4	40.6			
1959	27.1	41.0	0.8	-2.1	1.7
1964	27.7	41.1	0.8	-0.2	-0.5
1970	31.7	45.8	1.2	2.8	0.7

Sources: For state banks, Connecticut Bank Commissioner's Annual Reports
For national banks, Statements of Condition, Comptroller of the Currency 1950, 1955, 1960
Rand McNally Bank Directory
Polk's World Bank Directory

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Deposit Concentration Ratios in 1971 for all Connecticut Banks (including savings banks)

Largest two banks Hartford National Connecticut Bank and Trust	18.6%
Next largest two Society for Savings in Hartford People's Savings Bank-Bridgeport	12.6%
Next four largest Union Trust Co., New Haven State National Bank, Bridgeport Connecticut National Bank, Bridgeport New Haven Savings Bank, New Haven	14.1%
Five largest	35.7%
Five largest after merger Hartford National Connecticut Bank and Trust Society for Savings People's Savings Bank First Connecticut National	36.6%

Sources: American Banker
Connecticut Bank Commissioner's Annual Report, 1971
Polk's World Bank Directory, March 1972